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Central Eurasia

FBIS-SOV-95-126 *30 June 1995*

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ITAR-TASS Carries Press Review for 30 Jun

LD3006062795 Moscow ITAR-TASS in English 0520 GMT 30 Jun 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW June 30 (ITAR-TASS) — Today's Moscow-based newspaper highlight Thursday's Russian Security Council meeting, at which the responsibility for the events in Budennovsk was considered on the strength of an inquiry into the circumstances of the hostage-taking tragedy. The inquiry was carried out by a commission headed by Security Council Secretary Oleg Lobov.

IZVESTIYA states that "Prior to the beginning of the discussion, President Yeltsin with an emphasised sternness demanded that those guilty of allowing the tragedy to happen be found".

"Setting the tone and orientaiton of the discussion of the culptrits issue, which worries society, he specially pointed to the security services' low ability to accomplish the assigned tasks. Everything seems to indicate that a search for culprits will not be an easy affair. Penalties are expected to affect all security ministers".

KOMSOMOLSKAYA PRAVDA, referring to informed sources, points out that the Secuirty Council meeting was the 'gloomiest' one ever held before. The sources note that speakers made 'self-critical and justificative' remarks. The President of Russia, who conducted the meeting, was very stern, interrupted speakers and asked questions. At times the talk was rather nervy.

PRAVDA carries an account of Russia's Security Council meeting under the headline "Security ministers, it seems, are being cashiered".

KRASNAYA ZVEZDA frontpages an article about the talks in Groznyy. Judging by reports from Chechnya, the second day of the second round of the talks on a peaceful settlement of the conflict confirmed the complexity of the dialogue and the existence of a substantial difference of approaches by the sides to resolving the conflict politically, the article says.

The principal item on the agenda of the talks — the creation of a coalition National Council — is attended by the need for mutual and difficult compromises. It is perhaps very difficult to speak now about the sides' readiness to make compromises.

RABOCHAYA TRIBUNA on the parliament-government crisis in Russia.

"The main issue concerning the country, its economy, and the wellbeing of Russian citizens — has again been pushed to the background for the umpteenth time. The people-elected officials have no time for that, they struggle for power, not Russia. The struggle between ambitious people, not ideas, is perhaps the most apt definition of the current crisis affecting practically all branches of power.

"In the opinion of some analysts, all the current fuss is none other than a calculated stage in the election struggle for parliamentary seats and the Presidnecy, with the blow being directed against the Russia Our Home bloc and, on the rebound, against the President."

IZVESTIYA on the importance of the Mir-Atlantis docking.

The newspaper points out that the importance of the docking o f the Russian and American spacecraft and of the entire technically sophisticated operation is not symbolic, as was the case 20 years ago during the Soyuz-Apollo docking. This time, the docking of the spacecraft is the initial phase of the construction of a huge space station Freedom.

Expert opinion is that the station will at last make it possible to produce invaluable semi-conductors, biotechnological and medicinal preparations in orbit in commercial quantities, which will make cosmonautics a highly profitable sector.

The present docking is of a pronounced politicial implication, since the Freedom is the first large-scale joint space project of Russia and the United States, which have never approached each other so closely economically before.

PRAVDA carries an article headlined "NATO is sharpening its sword. Against whom?" about the creation of the so-called multinational rapid-reaction froce, regarding it as a "new interventionist plan for the former Yugoslavia".

The latest events in Yugoslavia — the seizure of Western Slavonia by Croatia, new air strikes against the Serbs in Bosnia, and a Muslim fierce offensive against the positions of Bosnian Serbs in Sarajevo — have shown in all obviousness that the U.S., which is the leading spirit in NATO and which has a decisive influence on the U.N. policy in the Yugoslav crisis, has finally decided to impose strongarm methods in the region. NATO's military actions should be viewed as a deliberate fanning up of the war conflagration in the former Yugoslavia by NATO forces.

It is being increasingly suspected that NATO does not intend to transform from the military-political organisation into a certain peacemaking one, as its leaders assure. On the contrary, NATO is sharpening its sword on South Slavic lands. Against whom will it be spearheaded

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tomorrow? At all events, NATO's eastward expansion plans should alert all those, who are not inclined to rely on NATO's declarations about its peaceful intentions, but judge it according to its deeds.

KRASNAYA ZVEZDA runs an article headlined "A military reform: the best minds of the country must be invited to elaborate a State programme to this effect" by Major-General Gennadiy Borzenkov from the General Staff of Russia's Armed Forces.

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Further on Gore-Chernomyrdin Commission Meeting

Chernomyrdin Cited on Need for Trade

LD2906184395 Moscow INTERFAX in English 1754 GMT 29 Jun 95

[FBIS Transcribed Text] MOSCOW, June 29 (INTERFAX) — The Gore- Chernomyrdin commission opened its fifth meeting in Moscow today.

Earlier, the commission was expected to meet in the U.S. however, U.S. Vice President Albert Gore, the commission's co-chairman, personally insisted that, contrary to the agreement made earlier, the commission meet in Moscow.

The commission's sitting today will be chaired by Russian Prime Minister Viktor Chernomyrdin, and on Friday by Gore.

When opening the meeting, Chernomyrdin proposed to the U.S. partners that the commission should focus on access of goods to the markets. He said "the main result of the commission's performance must consist in an increase in trade and investment activity between Russia and the U.S."

Chernomyrdin said the commission would begin Friday to consider concrete trade and investment projects and their implementation, including technical assistance on the part of the U.S. he said the commission would also discuss scientific and technical cooperation. Chernomyrdin urged the commission to make the best of the commission's present meeting. He said he hoped the commission would be constructive when dealing with problems.

Gore said Russian-U.S. relations could at present certainly be described as "matured." He said he believed the commission's present meeting must create a favorable climate for the two countries' investments and propose concrete measures for strengthening personal security of citizens, nuclear safety, environmental protection and the health of Russian and U.S. citizens.

'No Wavering' Over Iran Nuclear Deal

LD2906221195 Moscow ITAR-TASS World Service in Russian 1607 GMT 29 Jun 95

[By ITAR-TASS diplomatic correspondents Igor Barsukov and Pavel Vanichkin]

[FBIS Translated Text] Moscow, 29 Jun (ITAR-TASS) — Russian Federation government chairman Viktor Chernomyrdin and U.S. Vice President Albert Gore have decided that the question of Russia's intention to supply its nuclear reactors to Iran will be discussed only at one-to-one meetings, Viktor Mikhaylov, Russian atomic power minister, who is taking part in the work of the commission for bilateral economic and technical cooperation, told an ITAR-TASS correspondent.

Asked whether the heads of the commission will be able during the current session to solve the problem of reactor supplies, which has become a stumbling block in relations between Moscow and Washington in the past few months, V. Mikhaylov said that "an atomic power station made with two or four units will be constructed and there is going to be no wavering about this." However, it is very likely that Russian control over the work in progress will be intensified.

Davydov Addresses 29 Jun Meeting

LD2906210995 Moscow INTERFAX in English 1939 GMT 29 Jun 95

[FBIS Transcribed Text] MOSCOW, June 29 (INTERFAX) — Russia regards Washington granting it the status of a country with a transitional economy as the most feasible way to boost bilateral trade, Russia's Deputy Prime Minister, Foreign Economic Relations Minister Oleg Davydov told a meeting of the Chernomyrdin-Gore Commission in Moscow Thursday [29 June].

Davydov remarked that this status would mean Russian goods could bypass the procedure for calculating their "fair" prices, compulsory for "non-market economies."

Davydov also raised the issue of lifting the discriminatory Jackson-Vanick amendment, barring Russia from enjoying most-favored-nation status on a permanent basis. "Such a situation does not promote the improvement of the trade and economic climate between our countries and creates an element of unpredictability and instability," he added.

Davydov pointed to the growing importance of the U.S. for Russia as a trading partner as well as the rather high activity of U.S. investors on Russian markets (at present, their total capital investments are estimated at $2 billion). He added that their volume "could be many dozen times more."

Further on Davydov Remarks

LD2906185995 Moscow ITAR-TASS in English 1814 GMT 29 Jun 95

[By Igor Barsukov and Pavel Vanichkin]

[FBIS Transcribed Text] Moscow, June 29 (ITAR-TASS) — The value of trade between Russia and the United States in 1995 is likely to top seven billion dollars which is twice as much as in 1992 which marked the first post-Soviet phase in bilateral relations

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and was the last year without the Chernomyrdin-Gore commission.

Russian Vice-Premier Oleg Davydov told the Chernomyrdin-Gore commission here today that the U.S. share in Russian foreign trade now amounts to more than five percent of its total value. The U.S. now ranks third after Ukraine and Germany.

American investors are increasingly active in Russia with U.S. companies being among the leading foreign investors in Russia. For all that, the aggregate volume of their investments — about two billion dollars — is far below the Russian market potential.

Russia now records the first signs of economic growth, Oleg Davydov continues to say. In this connection he pointed to the importance of the growth of Russian exports and wider access for Russian goods to foreign, including American, markets.

One of the major obstacles to Russia's trade relations with the United States is American anti-dumping legislation. Many goods exported by Moscow are subject to duties which exceed 100 percent of their price. Settlement on a case-by-case basis is a possible but not the best possible way, the Vice-Premier said.

He said the radical decision would be through granting Russia the status of "an economy in transition" and through non-application of the "fair price" principle which is envisioned for countries with "non-market" economies.

Most obstacles to bilateral trade could be removed by creating "a free trade zone" between Russia and the United States, Davydov said.

Yeltsin Meets Gore, Praises Commission

LD3006104895 Moscow ITAR-TASS in English 1025 GMT 30 Jun 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW, June 30 (ITAR-TASS) — Receiving U.S. Vice-President Ablert Gore in the Kremlin today, President Boris Yeltsin spoke very highly of the work done by the "Gore-Chernomyrdin" Commission. "Viktor Chernomyrdin has told me about your joint hard work and has listed the problems you have discussed, and the documents signed by you and ministers of the two countries," the head of the Russian state stressed at the beginning of the meeting.

Yeltsin showed that he was adequately informed not only on the political problems, but also on the details of Gore's, so to say, "unofficial" life. "I see that you are moving without crutches already," he said greeting Gore and stretching out his hands for a traditional Russian hug.

The president was referring to an unpleasant incident which occurred with Gore last August, when the vice-president strained his leg playing basketball in the gymnasium of the U.S. Congress. He had to use crutches for a while after that, and Yeltsin had most likely remembered the episode, which he saw on TV.

This address of the head of the Russian state to his guest was, so to speak, a sign of acknowlegement for Gore's visit to Yeltsin in hospital during his last visit to Moscow, when the head of the Russian state was recovering from a laryngology operation.

Chernomyrdin, Gore Discuss Iran

LD3006120595 Moscow ITAR-TASS World Service in Russian 1105 GMT 30 Jun 95

[By ITAR-TASS diplomatic correspondents Igor Barsukov and Pavel Vanichkin]

[FBIS Translated Text] Moscow, 30 Jun (ITAR-TASS) — Russian Prime Minister V. Chernomyrdin and U.S. Vice President A. Gore stated at a news conference today that they discussed in detail the problem of the proposed construction by Russia of a nuclear power station in Iran. Having described the discussion as "normal and even good", V. Chernomyrdin noted nevertheless that many issues still need further discussion. However, the Russian prime minister stressed that no matter what form cooperation with Iran takes, it will not enable this state to have nuclear weapons.

The United States intends to provide Russia with information on a confidential basis which reinforces American concern over this deal, A. Gore stated for his part. He added that during the upcoming dialogue all the elements of the Russian-Iranian contract which, in Washington's opinion, are dangerous, will be discussed.

Chernomyrdin on Resignation Offers

LD3006112495 Moscow ITAR-TASS in English 1108 GMT 30 Jun 95

[FBIS Transcribed Text] MOSCOW, June 30 (ITAR-TASS) — The leaders of the "power" ministries "adopted an absolutely correct decision" on handing in their applications for resignation to President Yeltsin, Russian Prime Minister Viktor Chernomyrdin told journalists at a joint press conference he held with U.S. Vice-President Albert Gore today.

Those who are in charge of people's safety must be responsible for their actions, the Prime Minister said.

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The President will now make his decision "taking into consideration all circumstances," Chernomyrdin said.

Chernomyrdin, Gore Sign Documents

LD3006121795 Moscow ITAR-TASS in English 1135 GMT 30 Jun 95

[By Igor Barsukov and Pavel Vanichkin]

[FBIS Transcribed Text] MOSCOW, June 30 (ITAR-TASS) — The fifth session of the Chernomyrdin-Gore commission for economic and technological cooperation ended with the signing 21 documents here today.

Three most important documents were signed by the commission co-chairman, Russian Prime Minister Viktor Chernomyrdin and U.S. Vice President Albert Gore.

They signed an intergovernmental agreement on cooperation in the field relating to criminal and legal affairs, a joint statement on sustainable control and conservation of natural resources, and a joint statement on a special Russian-American ecological initiative.

Chernomyrdin and Gore also signed a memorandum of mutual understanding in the field of technical cooperation aiming to sign a bilateral agreement on flight certification.

As concerns the other documents, attention was drawn to a multi-billion production sharing agreement relating to the Sakhalin-1 project for the development of oil fields in the Russian Far Eastern island. The agreement was signed by Sakhalin region administrator Igor Farkhutdinov, President of Exxon ventures company Terry Kunz and President of the Japanese consortium SODECO Michio Mutaguchi.

The American delegation announced that the United States will fund four additional Nunn-Lugar programmes of assistance worth 24 million dollars. Another announcement was about the setting up of a civil research foundation for ex-Soviet countries.

It was also announced that the Overseas Private Investments Corporation (OPIC) will provide 280-million-dollar guarantees for loans issued to boost implementation of Russian-American projects.

Subjects of Discussion by Commission Viewed

MM3006082795 Moscow ROSSIYSKIYE VESTI in Russian 30 Jun 95 p 2

[Report by Marina Kryuchkova: "From Nuclear Reactors to Investment — Range of Problems Discussed by Chernomyrdin-Gore Commission"]

[FBIS Translated Text] It turns out that last year each of us received an extra... $15 in our pay packets. Or almost 60,000 rubles [R] at the rate then. Admittedly this money was invisible, sadly, and made no impact on our pockets, since the sum was merely a theoretical indicator. It was a measure of per capita U.S. investment in our economy. As a comparison, overall U.S. investment in the Polish economy is twice as high, and each Hungarian receives 20 times more U.S. money in the form of investment. Ways to remove the barriers to foreign investment in Russia and to get rid of obstacles blocking its growth are problems that, among others, will be discussed at the fifth session of the Russo-U.S. Economic and Technological Cooperation Session that opened in Moscow yesterday.

The results of the dialogue in the "Chernomyrdin-Gore Commission" are being impatiently awaited above all by representatives of Russian and U.S. business — industrialists and entrepreneurs. After all, the accumulated problems in the sphere of taxation, the certification of goods, recognition for international standards in the Russian marketplace, licensing, the protection of intellectual property rights, and the fight against corruption can only be resolved on an intergovernmental basis, without any intermediaries.

According to James A. Tilly, director of the American Chamber of Commerce, which unites around 220 companies that have invested over $2 billion in Russia, business in Russia at the moment is reminiscent of a steeplechase. One hurdle is corruption. Suffice it to say that in certain countries expenditure on bribing officials is tax-deductible by corporations as a legitimate business expense!

Nonetheless, there are good prospects for foreign investors in Russia. At any rate, representatives of leading Western and, above all, U.S. companies which have been investing in our economy for three, five, or even eight years claim that today, despite all the difficulties of working in Russia, they are gaining very concrete and substantial material confirmation of the correctness of this approach. Thus, Coca-Cola invested $35 million on building the Ochakov plant. The plant has been in operation for more than a year and is making money. The company is now planning to invest $150 million to build similar plants in the Urals, St. Petersburg, and other regions.

Or take the Masterfoods company, which has embarked on building an enterprise to produce foodstuffs. It will cost the investor $150 million. Masterfoods' plans include further investment worth up to $1 billion.... For these and hundreds of similar investors a great deal will now depend on top-level decisions which will help to provide the legislative foundations for further investment growth.

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U.S. Congress To Cut Aid Over Cuba Nuclear Project

Moscow 'Surprised' at Decision

LD2906181895 Moscow INTERFAX in English 1739 GMT 29 Jun 95

[From the "Diplomatic Panorama" feature: By Aleksandr Korzun, Igor Porshnev, and Yevgeniy Terekhov]

[FBIS Transcribed Text] MOSCOW, June 29 (INTERFAX) — Moscow is surprised by the US House of Representative's decision to slash assistance to Russia for supporting Cuba's efforts to resume the nuclear power plant project in Juragua.

"The Americans are alarmed about nothing", the Director of the Foreign Ministry's Central and South America Department Vladimir Tyurdenev has said.

The House of Representatives of the US Congress last Tuesday voted for an amendment to slash by $15 million the $595-million aid package to be issued to Russia and a number of other former Soviet republics. American law-makers fear that the Juragua nuclear power plant project is a potential threat to southern areas of the United States, as well as the Caribbean and Central America.

Tyurdenev said the response of the lower house was inadequate. "Russia has no specific plans for the Cuban nuclear power plant project, only tentative estimates. Besides, a number of other countries, including US allies are involved in the development of these plans, too".

The Russian Foreign Ministry official said that the Juragua nuclear power plant was controlled by the International Atomic Energy Agency. "IAEA experts inspect the power plant once a year. Moreover, no fissile materials have been brought there yet", he said.

"It is unclear why Russia should be cautious about a facility covered by international guarantees", he added.

Tyurdenev recalled that the Juragua nuclear power plant began to be built in 1976 with technical assistance from the former USSR.

Originally two power units 425 MW each were going to be built and equipped with light-water reactors.

The nuclear project was frozen in 1992 due to financial constraints. By that time the first unit was ready 60%.

Russia in 1993 extended a loan to Cuba to finance the maintenance of buildings and supplied equipment. "The maintenance work is being done by the Russian Atomic Energy Ministry", Tyurdenev said.

He explained that neither Russia nor Cuba could afford to resume the construction project yet.

Tyurdenev said that the Italian company Anzaldo was holding discussions with Cuba on the possibility of feasibility studies to complete the nuclear power plant project. "Among other things they are discussing an autonomous system to control the fuel process", Tyurdenev said.

Simultaneously a number of countries at the level of building agencies studied the question of founding an international association to complete construction and assembly work and to jointly run the station in the future. Tyurdenev said that the list of those countries included Britain, Brazil, Italy, Cuba and Russia. "The Russian side has taken no steps beyond that", he said.

The Russian diplomat said that Russia was interested in completing the Juragua nuclear power plant project. "We invested heavily in that project and our industries worked for it. When commissioned, the Juragua nuclear power plant would help reduce Russian oil supplies to Cuba in exchange for sugar.

The United States is trying to force Russia out of international markets the Americans are interested in, primarily, the nuclear energy market, a senior Russian Atomic Energy Ministry official has said. He was speaking in response to the American law-makers' decision to "punish" Russia for the intention to finish building the Juragua nuclear power plant in Cuba.

He recalled that the United States was critical of Russian- Iranian cooperation in nuclear power. "The Americans were also very nervous about our contacts with North Korea in that field", the source said.

He confirmed that the Russian government was considering the possibility of finalizing the nuclear power plant project in Cuba. "La Havana's financial constraints are the sole obstacle", the Atomic Ministry official said.

He believes that an international consortium that would undertake to complete construction work would be the best way out. "We see no reason why American firms should not join it", the source said.

IZVESTIYA on U.S. Aid Cut

MM2906144995 Moscow IZVESTIYA in Russian 29 Jun 95 p 3

[Report by Yevgeniy Bay: "Congress Intimidates Americans With Idea of a Chernobyl Right Next to Florida"]

[FBIS Translated Text] U.S. aid to Russia will be reduced by $15 million. This decision was adopted by the U.S. Congress as a repressive measure in response

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to Moscow's intention to continue with the construction of a nuclear power station in Cuba.

The initiative was put forward by Ileana Ros-Lehtinen, a Republican representative from Florida who is famous for her close ties with the influential Cuban emigres. As she herself and other American legislators have stated repeatedly, if the station is built in Cuba, America will find itself with "its own Chernobyl" off its coast, which will be a threat to all the countries in the Caribbean basin and the United States.

Americans in Florida are talking about the danger of a radiation disaster in the Western hemisphere most of all, as they are closest to Cuba. And they are using as trump cards the statements made by Cuban engineers who were working on the station in Juragua, but then moved to the United States. One of them, Jose Oro, claims that "the preparations for installing the reactor were criminal" and the entire process of construction was "absolutely negligent."

Knowing the characteristics of the "enigmatic soul" of the Russian construction worker, it is entirely possible that serious defects occurred in the construction the station. Particularly since following Chernobyl, the design of the station was hurriedly changed. However, the leadership of the Russian Ministry of Atomic Energy is insisting that all the detected defects have already been removed.

"I personally know all the Cuban turncoats," Deputy Minister Yevgeniy Reshetnikov says. "They are simply making a name for themselves and earning money in the United States."

According to the Russian curator of the station, all the documentation was studied by the International Atomic Energy Agency twice and it agreed in principle with the design presented. The station, Reshetnikov maintains, has nothing in common with the Chernobyl power station, it is of a different generation (a similar nuclear power station has been built in Finland), and an accident like the one which occurred in Chernobyl simply cannot happen.

Apart from anything else, Moscow is not planning to complete the station on its own. On Havana's initiative, an international consortium was created, in which Great Britain, Brazil, Mexico, and Italy are participating to various degrees. The Italian firm "Ansaldo" is preparing to submit the technical-economic basis for the nuclear power station in July.

In America, which is concerned about the apparition of a Chernobyl, not all experts are in agreement with the way Congress has decided to punish Moscow either. One expert, Karl Herin [name as transliterated], believes that "the cuts will hit support for the policy of reforms in Russia, but the actual construction of the station will not suffer in any way."

U.S. Embassy Staff Members Accused of Interference

LD2906211095 Moscow INTERFAX in English 1940 GMT 29 Jun 95

[FBIS Transcribed Text] MOSCOW, June 29 (INTERFAX) — Co-chairman of the Russian Social-Democratic League Vasiliy Lipitskiy, MP, sent a letter Thursday to the Russian Foreign Ministry accusing Thomas Graham, first secretary, and George Colt, member of the staff of the U.S. embassy, of interfering in Russia's internal affairs.

His letter, made available to INTERFAX by the league's press service, says that on May 30 the diplomats met with leaders of the Novosibirsk branch of Russia's Choice and urged that they close ranks so that Lipitskiy will not be reelected there.

Lipitskiy emphasized that he, too, had meetings with high ranking U.S. embassy officials and discussed the regional situation with them but has never regarded diplomats as players in the political process in Russia.

Kozyrev Attends UN Disarmament Conference Session

Reaffirms Intention To Ratify START

LD2906175395 Moscow ITAR-TASS World Service in Russian 1530 GMT 29 Jun 95

[By ITAR-TASS correspondent Konstantin Pribytkov]

[FBIS Translated Text] Geneva, 29 Jun (ITAR-TASS) — After arriving in Geneva today Russian Foreign Minister Andrey Kozyrev reaffirmed the support of President Yeltsin and the Russian Government for ratification of the START-II Treaty. Addressing a plenary session of the UN Conference on Disarmament, the minister stressed that as the president's representative in parliament he "will do everything necessary to achieve this." "Naturally we shall be able to set about ratifying the treaty only if there is strict compliance with the ABM Treaty on the basis of agreement with the United States on the demarcation between tactical and strategic systems."

The signing of the START-II Treaty and the indefinite extension of the nuclear Nonproliferation Treaty have secured, according to Kozyrev, "an historic breakthrough in the sphere of nuclear disarmament." At the same time, the minister considered it necessary to remind people that the indefinite extension of the nuclear

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Nonproliferation Treaty is "not a mandate for the five nuclear powers to possess nuclear weapons for all time but a stimulus for their further active disarmament efforts."

Favors New Agenda for Conference

LD2906175995 Moscow ITAR-TASS in English 1652 GMT 29 Jun 95

[By Konstantin Pribytkov]

[FBIS Transcribed Text] GENEVA, June 29 (ITAR-TASS) — Russian Foreign Minister Andrey Kozyrev today spoke in favour of a new agenda for the U.N. Conference on disarmament.

Kozyrev said that the new agenda must reflect changes in the world, including the end of the cold war and the emergence of a political situation in which Russia, the United States and NATO are no longer enemies.

In particular, the Russian Minister proposed putting on the agenda "an item on nuclear disarmament." He stressed that he meant "disarmament proper." Moscow, he said thinks it important to appoint a special coordinator or rapporteur to prepare proposals on the possible contribution "of our multilateral forum to the solution of this global problem."

Russia is committed to the idea of full and universal liquidation of nuclear weapons, the Russian diplomat said. "We propose that all partners move towards this goal together," he said.

Kozyrev declared that the signing of a treaty on nuclear security and strategic stability, which Russian President Boris Yeltsin proposed to prepare, would provide "a good framework" for the discussion and solution of problems that arise."

The Russian Federation is already doing all to prepare, "within the briefest period of time," a treaty on a universal nuclear test ban. Russia favours preparation of an international document on security guarantees for non-nuclear states and on the non-use of nuclear weapons against NPO non-nuclear member-countries.

"The effective national moratoria on nuclear testing must be observed unswervingly," the Russian Minister said after recalling that the five nuclear powers had pledged to show "exclusive constraint" in this respect.

Kozyrev pointed to the need for "substantive progress in liquidating chemical and bacteriological weapons" and said that "the Russian government is actively preparing the ratification of the convention banning chemical weapons."

The Disarmament conference, according to the Russian Minister, "must get down to work on conventional arms." He stressed the pressing need for the preparation of "model regional and subregional agreements" on limitation and reduction of such armaments.

Ahead of the U.N. General Assembly special disarmament session in 1997, Kozyrev proposed "discussing ways of upgrading the entire disarmament process."

To this end it is necessary "not only to expand the composition of members of the U.N. Conference on disarmament but also to make its mandate more comprehensive," Kozyrev said.

Comments on Battle Against Terrorism

LD2906191095 Moscow ITAR-TASS World Service in Russian 1527 GMT 29 Jun 95

[By ITAR-TASS correspondent Konstantin Pribytkov]

[FBIS Translated Text] Geneva, 29 Jun (ITAR-TASS) — Russian Foreign Minister Andrey Kozyrev has called for the efforts of the world community to be united to counteract terrorism. Speaking at the plenary sitting of the UN Conference on Disarmament in Geneva today, he stated: "The tragic events in Oklahoma, Budennovsk, and Tokyo show that the world should step up sharply the fight against the demon terrorism and also raise a reliable barrier in the way of terrorists' attempts to gain access to weapons of mass destruction — nuclear, chemical, and any other".

"A new threat of unprecedented scale" recently has been resisting more and more clearly the efforts of tens of states which are dictated by concern for international security. At issue is the growth of international terrorism in its mass and cruellest forms. It was namely because of this, the minister recalled, that the president of Russia put forward at the meeting in Halifax the initiative to hold in Moscow a "G8" summit conference to discuss the entire complex of nuclear security issues.

"This idea perhaps touched upon the most urgent problem of international security," Andrey Kozyrev said. "It is namely this which concerns state leaders and ordinary citizens alike today. Naturally, therefore, the initiative by B.N. Yeltsin was supported by all our "G8" partners. We intend to embark upon consultations on the format and agenda of the meeting without losing any time. B.N. Yeltsin has just addressed the relevant message to the remaining "G8" leaders."

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Spokesman Denounces Biological Arms Allegations

LD2906180795 Moscow INTERFAX in English 1740 GMT 29 Jun 95

[From the "Diplomatic Panorama" feature: By Aleksandr Korzun, Igor Porshnev, and Yevgeniy Terekhov]

[FBIS Transcribed Text] MOSCOW, June 29 (INTERFAX) — Moscow strongly dismisses as insinuations claims that it has abused its international commitment not to produce biological weapons, the Russian Foreign Ministry spokesman Grigoriy Karasin has said.

Karasin deplored the U.S. House of Representatives' resolution to slash funds the Nunn-Lugar amendment earmarked for the promotion of nuclear disarmament in Russia in 1996 and to suspend the financing of that fund on the lame excuse Russia allegedly continued to develop biological weapons.

Karasin said that an exhaustive reply to the rumors about biological weapons in Russia was found in President Yeltsin's decree of April 11 1992. "That document states unambiguously that the development of biological programs in violation of the 1972 convention banning bacteriological (biological) and toxin weapons in Russia is not allowed.

Karasin said the U.S. House of Representatives decision ran counter to the spirit of constructive cooperation keynoting the negotiations of Russia, the United States and Britain on biological weapons, including the agreement President Yeltsin and President Clinton concluded in principle last May on mutual inspections of each other's biological facilities.

Karasin said that "the attempt to reanimate that controversy is counterproductive and by no means produces a favorable climate for the successful settlement of complicated problems in the reduction and elimination of weapons of mass destruction".

"The impartial assessment of the Nunn-Lugar fund's role shows that in spite of certain technical problems it makes a certain contribution to speeding up nuclear disarmament in Russia. The suspension of the fund's financing would only slow down joint projects and cause serious damage to diversified Russian-U.S. cooperation in strengthening security and non-proliferation regimes. Karasin said Moscow proceeded from the fact that the House of Representatives was not a final decision-making instance. "Russia will closely monitor the settlement of that issue in other US legislative and executive bodies", Karasin said.

Karasin: EU Trade Resolution 'Positive Signal'

LD2906140095 Moscow ITAR-TASS in English 1304 GMT 29 Jun 95

[By Vladimir Suprun]

[FBIS Transcribed Text] MOSCOW June 29 (ITAR-TASS) — Russian Foreign Ministry senior spokesman Grigoriy Karasin told a briefing today that the resolution in favour of signing a provisional trade agreement with Russia, passed by the recent Cannes summit of the European Union's heads of state and prime ministers, was "a positive signal" for Moscow.

Karasin said Russia's stance is known, adding that it is against the creation of any artificial obstacles to mutually beneficial cooperation between Russia and the European Union.

Article Assesses Li Peng Visit, PRC Relations

MM2906155295 Moscow ROSSIYSKAYA GAZETA in Russian 30 Jun 95 First Edition pp 1, 7

[Article by Vladimir Kuznechevskiy: "Together Into the 21st Century. On the Results of the Russian-Chinese Talks"]

[FBIS Translated Text] When you read carefully the highly significant lines of the Russian-Chinese joint communique, or when you listen live to the Chinese and Russian premiers' speeches, it is hard to escape the feeling that Moscow and Beijing have in recent months made a serious bid to enter the next millennium.

It is hard not to notice that in a comparatively short period, literally with an interval of only a few weeks, there have been visits to Russia by China's two top leaders. In May PRC Chairman Jiang Zemin came to Moscow on a visit and, at the celebrations for the 50th anniversary of Victory over Hitler's Germany, he delivered a speech that was exceptionally full of content and packed with entirely new elements as regards the positive development of bilateral relations. In implementation of these ideas Li Peng and Viktor Chernomyrdin signed a whole series of important documents on economic, scientific, technical, and information cooperation (see the joint Russian-Chinese communique, published in our 29 June edition).

No sooner had it become clear in 1994 that Chinese-Russian trade had declined by 30 percent (from $7.68 billion in 1993 to 5.1 billion last year), than at the beginning of the current year the ministers of foreign affairs, defense, and foreign economic relations set off for China on visits literally one after another, and agreement was reached on a visit by Boris Yeltsin in Beijing in the fall.

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As a result of scrupulous analysis by specialists it emerged that the main reason for the decline lies in the forms and methods of trade. In the main, trade has developed according to the barter principle, and this form is very quickly revealing its limitations when it comes to increasing the scale. Therefore Li Peng's visit took place not before specialists on both sides had come to the conclusion that it is necessary to overcome the uniformity of export-import relations and move over to the development of cooperative production and trade, technical cooperation, and mutual investments, and to switch trade itself onto a basis of hard currency settlements.

In other words, we are seeing a manifestation of internal attraction between our two countries on the principle of the mutual complementarity of national economies. It seems important to emphasize this fact, since the Western press (especially the American and Japanese press) is saying that the rapprochement between China and Russia began in spring of this year when the United States began seriously to discuss the question of possible sanctions against China because of its contacts with Iran and Pakistan in the sphere of deliveries of missile weapons and because of the rapprochement between the United States and Taiwan. It is even suggested that Beijing is pushing for rapprochement with Moscow in order "on this basis to exert a deterrent effect on the United States" (TOKYO SHIMBUN).

The above facts show that the rapprochement between the two great neighboring states began much earlier and by no means on the basis of confrontation with America. Processes are taking place in international relations which are objectively pushing Russia and China toward closer cooperation with each other.

It's true. After the breakup of the USSR, the end of the "Cold War," and the collapse of the bipolar system in international relations, a situation arose in which a single state — albeit a very powerful one — tried to take upon itself the formation of a "new world order" — the United States. Very soon, however, the fiascoes in Somalia and Yugoslavia, the trade war with Japan, and other similar instances showed that they are having no success in creating a new version of "pax Americana" in radically changed conditions. The Japanese have adopted a tough line in trade with the United States. The French and the British are gradually seeking to take solely into their own hands the resolution of the Yugoslavia crisis. The Asian states are hinting at inviting Moscow to join the Asian-Pacific region. Not only great India, but little Malaysia are striving to show that they hold views of their own. The world is not forming up against any one state, it is developing by its own natural laws, in which each member wants to play his own game and his own role. Against this background the rapprochement in the positions of Russia and China seems natural and understandable.

The visit was a success. That is clear not only from the agreements signed, but also from the subjective atmosphere in which it passed. The atmosphere was one of great good will. The premiers even joked during their joint meeting at the end of the official program.

Viktor Stepanovich, gently playing on the fact that his opposite number had received the title of honorary doctor of sciences at the Moscow Engineering Institute and wishing to stress that not all the potential was exhausted by this visit, joked: "Come again. The Moscow Engineering Institute also has the titles of honorary professor, honorary academician...." The guest took up the theme and said, smiling: "And we in Beijing are willing to confer on the Russian premier the diploma of, even, honorary academician...." To which the Russian premier, without the hint of a smile, with the most serious face possible, mumbled: "Aha, you'll be an even academician and I'll be an odd one" [pun on Russian "pochetnym," "honorary," and "po chetnym," "for even numbers"]. All those who were nearby joined the premiers' laughter at this exchange of jokes.

And President of the Russian Federation Boris Yeltsin's visit to China is expected in the fall.

Moldova's Snegur Quoted on 14th Army Pullout

AU2906204595 Chisinau INFOTAG in English 1940 GMT 29 Jun 95

[FBIS Transcribed Text] Moscow, INFOTAG, 29/6/1995 — Moldova and Russia held a summit in Moscow on June 28. Its main results were described by President Mircea Snegur at a press Press Club. He also answered other questions covering important matters. Following are INFOTAG's stories from the press conference.

The positions of the Moldovan and Russian authorities on the 14th Army withdrawal coincide: The troops ought to be withdrawn in accordance with the last year's agreement, Mircea Snegur said at the news conference in the Moscow International Press Center. He stressed that "it's high time we did away with speculations around the army withdrawal — particularly the ones of the Russian State Duma". In his words, it has been announced at the summit that the Army Withdrawal Agreement is now being considered in various Duma's committees, and very soon it will be submitted for ratification, after which the document will enter into force. The head of state said that the three-year removal period was fixed due to the enormous stock of weapons and ammunition, and time will show whether the term

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will be enough or not. In Snegur's opinion, the chief point is to begin the removal, and all other questions could be solved in process.

The military personnel shall be evacuated in the end, after the weapons and ammunition are taken away. The question of transit via the Ukraine was tackled both in Moscow and earlier this week in Chisinau with the Russian Defense Minister Grachev. A transit dialogue has already been initiated with Ukrainian authorities, Snegur said.

By July 1, the reform of the former 14th Army will be completed, and the Russian armed formations will be then officially called "the limited contingent of Russian troops in the Dniester region of the Republic of Moldova."

Journalists asked Snegur whether the sides touched upon a question of establishing a Russian military base on the Moldovan territory, and if any pressure was placed on Moldova by the Russian side. Mircea Snegur replied that the question was raised at the summit, but "it was withdrawn at once because the Moldovan Constitution prohibits to have any foreign troops on the national territory".

President Snegur has stated that there is a possibility "to put a full stop" in the Dniester settlement by the end of this year, and that the Russian mediation factor at the negotiations shall be strengthened to this end. Thank to the mediation of the Russian President's Special Envoy, Vladlen Vassev, and the OSCE [Organization for Security and Cooperation in Europe] permanent Mission to Moldova "the sides managed to bring closer their positions, and the Dniester leaders, at last, came to realize a necessity to enter negotiations".

"The dialogue with Tiraspol has entered into a constructive phase. At our last meeting we had a concrete discussion on the region's status, and the talks will be continued", Mircea Snegur said. He said that the initiative belongs to Chisinau which had proposed a draft law envisaging a broad autonomy to local power bodies provided the external boundary, armed forces, single foreign policy and national currency are preserved. The good-will example shown by Chisinau at solving the Gagauzi problem has positively influenced both the Dniester leaders and local population, Snegur said.

A different attitude to the Moldovan official language name is not the only reason why President Snegur have quitted the ruling Agrarian Democratic Party [PDAM], he stated at the press conference here. "I scrutinized very much literature concerning our language — perhaps, much more than all members of the Agrarian Democratic Party did. I listened to the opinions of Roman languages scientists, including from Russia, and came to a conclusion that Moldovans speak the Moldovan dialect of the Romanian literary language. That's exactly what dictated my recent legislative initiative". But, Snegur said, he left the PDAM not only because of their attitude to his above initiative. There are very many other matters that cause fierce debates. One of them is the questionable correctness of the current economic course, agrarian reform, and, in particular, the necessity to revise the Land Code. "Some PDAM leaders came to suffer a nostalgia for old times, when 'everything was centralized and planned, and everything was better'. This is an obsolete thinking. The national economy should be re-oriented at market relations, and then neither myself nor the whole ruling party will need to spend days and nights debating economic hardships. Just create a sound legal framework for economic agents, and they will work by themselves", he emphasized. "And since I just have no time enough to explain basic truths to each and everyone, I decided to leave the party", Snegur said. In his words, this does not signify a change of the state policy and the country's main course, which are determined by the Constitution, by the last year's public opinion poll, and by people's opinion.

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Political Issues

Reportage, Comment on Security Council Session

Officials Submitting Resignations Named

LD2906123295 Moscow ITAR-TASS in English 1219 GMT 29 Jun 95

[By Pavel Kuznetsov and Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW, June 29 (ITAR-TASS) — Russian President Boris Yeltsin will take a decision concerning the fate of his top ministers for defence and security by July 10, State Duma speaker and a member of the Council Ivan Rybkin told reporters.

According to Rybkin, Defence Minister Pavel Grachev, Interior Minister Viktor Yerin, Federal Security Service Chairman Sergey Stepashin, Vice Premier Nikolay Yegorov, acting Prosecutor General Aleksey Ilyushenko, and head of the Stavropol regional administration Yevgeniy Kuznetsov, all offered their resignations at the Council's meeting today. The agenda of the meeting included the only question — the government handling of the recent hostage crisis in the southern Russian town of Budennovsk.

The Duma speaker said that Yeltsin will take his decisions "separately in every case regarding the results of the investigation which is still going on".

Members of the Security Council were leaving the session with grim and tired faces, refusing to respond to reporters' queries.

During the ceremony of signing a power sharing treaty between Russia and its Republic of Sakha (Yakutia), which followed the heated session of the Security Council, neither President Boris Yeltsin nor Premier Viktor Chernomyrdin pronounced a single word concerning the results of the Council's meeting.

Yeltsin's Press Service Confirms Offers

LD2906121895 Moscow ITAR-TASS World Service in Russian 1148 GMT 29 Jun 95

[By ITAR-TASS correspondent Pavel Kuznetsov]

[FBIS Translated Text] Moscow, 29 Jun (ITAR-TASS) — The Russian president's press service confirmed today that the power ministers submitted their resignation during the meeting of the Security Council and asked that they be accepted.

"Owing to the serious consequences of the act of terror in Budennovsk and considering all the consequences and reasons for the tragedy, the heads of the power ministries asked that their resignations be accepted," says a statement of the Russian president's press service. "The president will make a decision on each individual case," the statement said.

Official Denies Stepashin To Retire

LD2906131095 Moscow ITAR-TASS in English 1242 GMT 29 Jun 95

[By Olga Semenova]

[FBIS Transcribed Text] MOSCOW, June 29 (ITAR-TASS) — A report on the retirement on a pension of Sergey Stepashin, Director of the Federal Security Service, does not correspond to the real situation, Major General Aleksandr Mikhaylov, head of the Public Relations Centre of the Federal Security Service, told Tass. According to Mikhaylov, the reports were a "free interpretation" by journalists of an emotional answer of the FSS chief to the question: "What will you do, if you are removed from your post?"

Quoting his conversation with Stepashin, that took place soon after some mass media organs circulated the "pension" report of the FSS chief, the FSS spokesman said that Stepashin, 43, is going to continue to work as head of the Russian counterintelligence service.

'Power Ministers' Remain in Office

LD2906161395 Moscow ITAR-TASS in English 1535 GMT 29 Jun 95

[By Olga Semenova]

[FBIS Transcribed Text] MOSCOW, June 29 (ITAR-TASS) — All the leaders of the Russian Ministry of internal affairs, including (Minister) Viktor Yerin are now in their offices, spokesman Vladimir Vorozhtsov told ITAR-TASS on Thursday afternoon. The Ministry has received no instructions concerning any changes in the Ministry leadership, he said.

Vorozhtsov refused to comment on media reports alleging that Viktor Yerin and some other ministers announced their readiness to resign at today's meting of the country's Security Council.

"All that takes place within the Security Council is, according to the rules, within the competence of the Council's press service," the spokesman for the Interior Ministry said.

Russian defence minister Pavel Grachev told the Security Council of the Russian Federation at today's meeting that he was ready to resign if need be but that it was up to the President to make the final decision, a well-informed source in the defence ministry told ITAR-TASS earlier today.

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The source said the Ministry sees no reason for the Minister to resign because he is only indirectly involved in the events in Budennovsk.

Reports about Federal Security Service chief Sergey Stepashin's desire to retire on a pension have nothing to do with fact, FSB spokesman Aleksandr Mikhaylov said. According to him, press reports about such plans were "a free interpretation" by journalists of an emotional response of the FSB chief to a question: "What will you do if you are relieved of your post?"

The spokesman cited Sergey Stepashin, 43, as saying after the media reported on his "application for a pension" that he intended to continue his activity as the chief of the Russian counterintelligence service.

Report on Yeltsin's Address to Council

LD2906140695 Moscow Mayak Radio Network in Russian 1200 GMT 29 Jun 95

[FBIS Translated Text] Our observer Yuliy Semenov was among the journalists in the Kremlin this morning. He has come to the studio:

[Semenov] Good day. It was known earlier that the session would discuss the tragedy in Budennovsk and the Chechen crisis in general. There was a full quorum. When we entered the hall where the Security Council meeting was held, the atmosphere was not a cheerful one. Instead of the usual smiles, jokes, and jibes, there was tension. When the president came in and opened the session, he looked stern.

He said that the investigation continues and it is necessary for the Security Council to sum up the results of what was done. The world has not known such large-scale terrorist action. Huge moral and political damage was inflicted on Russia, and the main issue is that we suffered heavy casualties — more than 100 people were killed. The Russian special services showed themselves ill-equipped to counteract such actions.

A precedent was set: Terrorists' demands must be accepted publicly with the resulting consequences. Basayev threatens to repeat his actions if the talks do not follow his scenario. Some field commanders refuse to participate in the talks forced by Basayev. Friction between the Cossacks and the Chechens, between North Ossetia and Ingushetia has become worse. Lessons and conclusions should be tough.

The main thing is the prevention of terrorism and preventive measures against these actions. It is necessary to qualitatively improve, and maybe reorganize, our special services; and possibly a special federal center for fighting terrorism needs to be set up. The Interior Ministry, the Federal Security Service, and the security services have been reinforced.

The president assessed as correct the political measures now being taken in Chechnya. But he asked where the guarantees are for the rights of the Russian-speaking population in Chechnya and where is their proportional representation in the power structures. For the time being this representation does not correspond to the proportion of the Russian-speaking population in Chechnya. It is not accidental that the Cossacks favor separating several districts from Chechnya and joining them to Stavropol Territory. Sorties by Dudayev's fighters continue.

The president said that the situation in some neighboring republics is uneasy. The unresolved conflict between North Ossetia and Ingushetia has taken its toll. Those guilty of and responsible for the events in Budennovsk and the failures in Chechnya should be identified.

The floor was then given to Stavropol Governor Kuznetsov, and the press was asked to leave. This is quite normal. The Security Council always meets behind closed doors. This time the meeting was record-breaking; it lasted for two and a half hours. Then it became known that the "power" ministers spoke: Grachev, Yerin, Stepashin, Vice Premier Nikolay Yegorov, and Security Council Secretary Oleg Lobov. All of them recognized the measure of their responsibility and stated their readiness to resign. Some of them have done so in writing. They left it for the president and the premier to decide. The president said that after the investigation is complete, before 10 July and not 20 July as he said earlier, he will resolve the issue of whether to accept or decline the resignations.

Yeltsin To Establish Blame

LD2906150095 Moscow ITAR-TASS in English 1435 GMT 29 Jun 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW June 29 (ITAR-TASS) — A serious moral and political damage was caused to Russia by the unprecedented terrorist act in Budennovsk. More than 120 people were killed. All the terrorists will be identified and punished in accordance with law. Such is one of the main conclusions drawn at the Thursday meeting of the Russian Security Council in the Kremlin chaired by Russian President Boris Yeltsin.

Chiefs of power-wielding agencies addressed the meeting to ask that their resignation be accepted, a report of the Russian President's Press Office says. "Proceeding from dire consequences of the terrorist act in Budennovsk, taking into account the circumstances and causes

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of the tragedy, chiefs of power-wielding agencies asked that their resignation be accepted," the report of the presidential press office says.

"The Russian President will pass the decision on each official personally," the report says.

Chiefs of power-wielding agencies raised the question of their resignation during their separate meetings with the head of state on Wednesday [28 June], ITAR-TASS learned from an informed source in the Kremlin. In accordance with that source, in two cases, regarding Interior Minister Viktor Yerin and chief of the Federal Security Service Sergey Stepashin, it was intimated that the president is ready to accept their resignation. A similar proposal from chief of the military agency Pavel Grachev has not met with support, the source said.

"Today we must establish who are to blame for the events in Budennovsk" President Boris Yeltsin said opening a meeting of the Security Council in the Kremlin.

The head of the Russian state said only one item will be discussed — about the responsibility for the events in Budennovsk according to the results of the investigation of the tragedy conducted by the commission headed by secretary of Russia's Security Council Oleg Lobov.

"The Security Council must draw appropriate conclusions", the President said. He said "the world community has never met with a terrorist action of such a large scale."

"Low efficiency of our special services was seen by Russian people and the whole world", the President said. He said the terrorist action staged by the band of Shamil Basayev in Budennovsk "created a dangerous precedent contradicting international practice. To save human lives we have been forced to accept terms of terrorists, and we already begin to feel the consequences of that step," Yeltsin said. As an example he noted that Basayev makes threats to repeat terrorist actions. There is information that "a number of field commanders inspired by Basayev's action refuse from participating in the peaceful political process that began under the auspices of OSCE [Organization for Security and Cooperation in Europe] in Groznyy," Yeltsin said.

"Tough lessons should be learnt from the tragedy in Budennovsk" Yeltsin said. "But the main thing is to adjust measures for the prevention of terrorism, for decisive improvement of the work of special services and power-wielding agencies performing tasks in Chechnya and in Russia in general. It is necessary to carry out reorganisation, to set up a special anti-terrorism centre which would include forces from the Defence Ministry, Interior Ministry, the Federal Security Service and other competent bodies," Yeltsin said.

The Security Council meeting was held behind closed doors. The press office of the Russian President announced its results. Actions of law enforcement bodies and special services in emergency — cutting short a terrorist action, have been analysed in detail, the report says. This analysis was contained in the opening remarks of Russian President Boris Yeltsin, in the report by Secretary of the Security Council Oleg Lobov who, on instruction of the Russian President led the commission to investigate circumstances of the tragedy in Budennovsk, in speeches of chief of the Stavropol territorial administration Yevgeniy Kuznetsov, Russian Interior Minister Viktor Yerin, director of the Russian Federal Security Service Sergey Stepashin, Russian Defence Minister Pavel Grachev and Russian Deputy Premier and Minister for Nationalities and Regional Policy Nikolay Yegorov, says the report.

"The causes of unsatisfactory work of administrative and law enforcement bodies and special services have been revealed. They were unable to receive specific data about the criminal action prepared in the Stavropol territory and to avert it. The security council demanded that drawbacks and shortcomings be immediately overcome."

"The meeting gave special attention to working out measures to check the spread of terrorism to other Russian regions, to protect citizens, society and important facilities from terrorism and subversion," the report says.

Yeltsin Criticizes Security Services

MM3006092695 Moscow ROSSIYSKIYE VESTI in Russian 30 Jun 95 p 1

[Unattributed report: "'Power Ministers' and Vice Premier Tender Resignations. Boris Yeltsin To Make Decision on Each Individually"]

[FBIS Translated Text] People had been waiting two weeks for this day. What organizational conclusions would Boris Yeltsin draw after hearing the reports from Security Council Secretary Oleg Lobov, who headed, at the Russian Federation president's behest, the commission investigating the circumstances surrounding the Budennovsk tragedy and the power department leaders responsible for the country's security? Now the day had arrived — yesterday a Security Council session chaired by the Russian Federation president spent two and a half hours analyzing the special services' actions in the emergency situation.

"We must now determine who was to blame for the events in Budennovsk," Russian President Boris Yeltsin

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stated, opening the Russian Security Council session in the Kremlin. According to the Russian head of state it would examine just one issue — responsibility for the events in Budennovsk — on the basis of the results of the investigation into the circumstances of the tragedy carried out by the commission headed by Russian Federation Security Council Secretary Oleg Lobov.

"The Security Council must draw the appropriate conclusions," the head of state stressed. As he put it, "the world community has never known such a large-scale terrorist act." Russia has suffered serious moral and political damage, and more than 100 entirely innocent citizens have been killed, Boris Yeltsin continued.

"Russians and the entire world community have seen our special services' inability to carry out their missions," the head of state stressed. He noted that, as a result of the terrorist act carried out in Budennovsk by the Shamil Basayev gang, "a dangerous precedent has been set that runs counter to international practice — in order to save human life we were forced to accept the terrorists' terms, and we are already starting to feel the consequences of this step." As an example. he cited the "threats from Basayev to repeat his acts of terrorism." As Boris Yeltsin said, there is information that "a number of field commanders, inspired by Basayev's action, are refusing to take part in the civilian political process that is beginning in Groznyy under the auspices of the Organization for Security and Cooperation in Europe."

"The lessons and conclusions drawn from the Budennovsk tragedy must be tough," Boris Yeltsin stressed. "But the main thing is to amend swiftly the measures to prevent and curtail terrorism and improve resolutely the work of the special services and the 'power' departments carrying out their mission in Chechnya and in Russia as a whole. We need to carry out a reorganization and to set up a special antiterrorist center which would include forces from the Defense Ministry, the MVD [Ministry of Internal Affairs], the Federal Security Service, and other competent departments."

"The meeting between the government delegation to the talks in Groznyy and representatives of Dzhokhar Dudayev reaffirmed the correctness of the political steps taken" to settle the Chechnya conflict, the Russian head of state noted. "But," he continued, "we should bear in mind that, while trying to resolve the question of stopping the bloodshed in Chechnya, we have not yet worked out guarantees for the rights of the Russian-speaking population living in the Chechen Republic, or for their equal participation in organs of power. The current interim authorities in the Chechen Republic do not reflect its national composition, and that is a prerequisite for future conflicts."

The president emphasized, in particular, that "Cossack social organizations are raising the question of Naurskiy and Shelkovskiy Rayons' seceding from the Chechen Republic and joining Stavropol Kray." The process of the political settlement of the Chechnya crisis "must be constantly amended taking account of the situation on Chechen territory, where Dudayev supporters continue to launch night-time attacks on federal forces' outposts, killing our men," the president said.

Referring to the impact of the Budennovsk action on the situation in the North Caucasus and in Russia in general, Boris Yeltsin noted that there had recently been a major deterioration in relations between Cossacks and Chechens, and there was growing tension in Ingushetia and Dagestan. "Behind the acuteness and tragedy of the Budennovsk events we should discern a failure to solve the problems of the 1992 Ossetian-Ingush crisis," the president pointed out. Thus, he stressed, the current issue needs to be discussed "in its broad context."

The session continued behind closed doors without media presence.

Council Criticizes Budennovsk Action

LD2906183895 Moscow INTERFAX in English 1752 GMT 29 Jun 95

[FBIS Transcribed Text] MOSCOW, June 29 (INTERFAX) — INTERFAX has learnt that at today's Security Council meeting, its Secretary Oleg Lobov came out with a system of measures to combat terrorism. Reporting on his commission's findings after studying the situation in Budennovsk, he analyzed the shortcomings in the work of federal and local bodies of power, as well as of law-enforcement bodies and special services.

Interior Minister Viktor Yerin gave a critical analysis of the actions taken by interior bodies and special units to neutralize terrorists in Budennovsk.

FSB [Federal Security Services] Director Sergey Stepashin said in his report that the terrorist attack in Budennovsk cannot be considered "an unpredictable move." He admitted that "there had been no concrete prior information on the terrorist attack and the reports that came failed to receive proper attention."

Defense Minister Pavel Grachev characterized the terrorist attack in Budennovsk in light of other actions launched by Chechen gangs. He said that having suffered a military defeat, these gangs chose the tactics of terrorism and diversion. The Minister admitted meanwhile that the warnings that Dudayev militants could turn to terrorism were not given enough attention.

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Deputy Russian Prime Minister Nikolay Yegorov admitted in his report that the Nationalities Ministry had proved unprepared to take an efficient response in situations similar to that in Budennovsk.

Addressing the Security Council, head of the administration of the Stavropol territory Yevgeniy Kuznetsov said that the measures taken in Budennovsk after the tragedy, do not rule out, unfortunately, that a similar situation will not happen again. He advanced proposals on organizing counteractions to the acts of terrorism and diversion. He said that the material damage to the town from the attack amounts to over 170 billion rubles.

Security Council Session Detailed

MK3006073095 Moscow SEGODNYA in Russian 30 Jun 95 p 1

[Report by Petr Zhuravlev and Gleb Cherkasov in the "Power" column: "The Power Men Are Ready To Resign, If the President So Wants"]

[FBIS Translated Text] Yesterday's session of the Russian Federation Security Council, devoted to events in Budennovsk, must have been unprecedented both in length (two and a half hours) and in intensity of passions. Judging by the Kremlin press service report, its main outcome was that, "proceeding from the grave consequences of the terrorist act and taking into account the circumstances and reasons of the tragedy, the leaders of the power departments offered their resignations." For some reason, however, they were not mentioned by name but it was stressed that "all terrorists will be found and punished in accordance with the law."

Duma speaker Ivan Rybkin was the first to clarify the question of resignations, telling journalists that Defense Minister Grachev, Internal Affairs Ministry Yerin, Federal Security Service Chief Stepashin, Vice Premier Yegorov, Security Council Secretary Lobov, and Stavropol Kray Governor Kuznetsov "understand the measure of their guilt" and put their fate in the president's hands. Also mentioned in this context was acting General Prosecutor Ilyushenko, but several independent and well-informed sources in the Kremlin denied these reports. On the whole, according to some reports, the situation at the Security Council session was such that it was simply impossible not to offer a resignation.

Opening the Security Council session yesterday, Boris Yeltsin noted that the world has not experienced such large-scale terrorism. "Moral, physical, and political damage has been done to Russia: The special forces have shown their inability to handle complex tasks," he stressed. According to the president, a dangerous trend has emerged that contradicts world practice: "For the sake of saving human lives, we were forced to accept the terrorists' conditions, and the consequences of this step are already beginning to make themselves felt." Yeltsin proposed to create a special counterterrorism center.

Then came the ministers' turn to repent. Sergey Stepashin in particular admitted that the terrorist act in Budennovsk was not an "unpredictable action,y" but that "there was no specific advance information about it while the information that did come in received no adequate reaction." Pavel Grachev announced that the warnings about the Dudayevites' switching to terrorist actions "were underestimated." According to Nikolay Yegorov, the Nationalities Ministry was not ready to take effective action in situations like Budennovsk. It is noteworthy that, according to some reports, all of them concluded their repentances with the phrase about their "readiness" to resign "if necessary." In any event, none of them officially tendered his resignation, apparently expecting a verdict from the head of state.

Today Boris Yeltsin is expected to appear on TV and report on the results of the Security Council session.

Meanwhile Yegor Gaydar stated yesterday that he "welcomes" the decision of the power ministers, as well as of Yegorov, Lobov, and Kuznetsov, to resign. "I hope the president will grant all the requests," the Russia's Choice leader said.

According to Grigoriy Yavlinskiy, it would be logical to defer the next vote on no-confidence in the government scheduled for tomorrow and wait for the president's decision (according to Ivan Rybkin, it will be announced closer to 10 July). The Yabloko leader said that he "is interested not in who offered to resign but whose resignation will be accepted."

Vladimir Zhirinovskiy believes that the ministers' offers of resignation "have been made only to let off steam and appease the Duma" in advance of tomorrow's vote. According to the Liberal Democratic Party of Russia leader, the president will not accept the power men's resignations but "will, in all likelihood, confine himself" to dismissing Vice Premier Yegorov and the Stavropol governor.

Viktor Ilyukhin, chairman of the Duma Security Committee, also believes that everything that happened at the Security Council session was aimed to "have an impact on the Duma vote" and also to preserve the economic reform course and "pacify the people." He stressed that the main responsibility for the situation in the country is borne by "the president and his team." The communists, incidentally, abandoned the idea of submitting the question of impeachment to tomorrow's Duma session but assured that they will do it before the end of the summer session, i.e., before 21 July.

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Rybkin Comments on 'Difficult' Meeting

LD2906153295 Moscow Mayak Radio Network in Russian 1209 GMT 29 Jun 95

[Interview with Ivan Rybkin, member of the Security Council and chairman of the State Duma, by Yuliy Semenov — live or recorded]

[FBIS Translated Text] [Semenov] Ivan Petrovich, the main thing we and our listeners are naturally interested in, is how the Security Council discussion went and how you see the results of today's meeting.

[Rybkin] We considered just one question: the question of the Budennovsk tragedy which is generally connected with the Chechen crisis. Among those speaking was the president who opened the meeting with a brief emotional speech which contained some tough assessment of what happened. In addition, those speaking were Yevgeniy Kuznetsov, governor of Stavropol Territory, Interior Minister Viktor Yerin, Security Service chief Sergey Vadimovich Stepashin, Defense Minister Pavel Grachev, Deputy Prime Minister Nikolay Yegorov, and Security Council Secretary Oleg Lobov.

Incidentally, Lobov provided a brief analysis of the first results of the investigation which is being carried out by the government commission in the area of the tragedy and outside it.

I can say one thing: A very difficult meeting, a truly difficult meeting. We had an unpleasant and tough discussion, essentially about the consequences and the spirit of the tragedy and people's sufferings. And perhaps this made it difficult for us to formulate our views at the meeting.

All of the speakers I listed asked the president to use his own judgement in defining the measure of their responsibility, while at the same time taking some of the blame. None of them ruled out resignation. Some brought their letters of resignation with them. Others offered to resign at the meeting. I cannot really say which way the president will be swayed.

I think this question will be resolved before 10 July. I do not wish to anticipate what the president and the prime minister decide in this situation. I proceed on the assumption that the government's resignation pact would be destructive for the current processes in Russia. We must definitely sort out the parliamentary elections within the time-scale established by the law. After this, the prime minister should then be appointed, under the constitution, with the approval of the State Duma. And I think, in fact I am convinced, that the prime minister, while forming his cabinet, must lean on the majority of the Duma elected by the people. Then perhaps we will have fewer clashes.

These are the main things I wanted to say.

I have bad feelings after the meeting which have not yet gone. I still have a very heavy heart. What can be rectified, we agreed to rectify. Resources and other things are being allocated. But dead people cannot be returned. That is the most terrible thing.

[Semenov] I think the arbitration commission will hold another meeting tomorrow. And there will be a plenary meeting on 1 July. Could you tell us your thoughts about how things are likely to develop and the reaction of the State Duma to what you have just told us?

[Rybkin] I think common sense is likely to reign supreme in the long run. Some parliamentary groups want the government's immediate resignation and a completely new cabinet. But not everyone holds this view. I think that we — both the government and the State Duma — have some difficult work ahead. We have to do a lot of difficult joint work which cannot be done by anyone else. The tasks we are facing are urgent. It is the wrong time for us to waste our time and energy on arguments.

Meeting Seen To Influence No-Confidence Vote

MK3006100095 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 30 Jun 95 pp 1, 2

[Report by Ivan Maksimov: "Pavel Around the Neck. Are the Power Men Trying To Seize the President by the Throat?"]

[FBIS Translated Text] It is a little less than six months before parliamentary elections. Political upheavals in this country also happen every several months. Whatever lineup of forces shapes up now will exist in December. It will also largely precondition the composition of the new Duma and, what is more important, the balance of forces in advance of the decisive battle for the presidential chair.

It is generally believed that Premier Chernomyrdin has in the past few weeks scored so many points precisely owing to his independent line, his express distancing of himself from the president. Whatever his real feelings, it is on Yeltsin, his formal boss, that the success or failure of Our Home depends to a very large extent. The power men, humiliated to the utmost, are all the more dependent on the Master.

There are two basic theories of what really happened at yesterday's Security Council session, when the chiefs of all state special structures, expect intelligence man Primakov, border guard Nikolayev, and special communications man Starovoytov, offered their collective resignations. The Security Council session was devoted to Budennovsk.

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Version one. Mutiny. Yeltsin is a figure equally susceptive to coaxing and intimate whispering both from left and right. In the past few weeks the Chernomyrdin group (for convenience we shall call them "doves") managed to sway B.N. toward a peace option in bringing the Chechen operation to completion. At this moment, when Dudayev's last mountain fortresses have fallen, the remnants of his army are dismembered and disorganized, when the hard-won victory is already at hand, a certain Chernomyrdin comes along and states that it is possible, and necessary, to talk with the gunmen not on the battlefield but at the negotiations table. And he receives full support from the boss.

Will the "hawks" faction not be humiliated? To bet the last vestiges of honor, conscience, and authority on Chechnya, to put your career on the line — and be rewarded with a snub. "The discussion (at the Security Council session) revealed reasons for the unsatisfactory performance... by special services which failed to secure information about the pending action and prevent it." In preschool this means "a two" [out of five points], and in college a repeat examination. In big-time politics there are no retests. Dismissed, dear comrade Stepashin. Actually, to us you are no longer a comrade.

In response to the groundless attacks, the ministers present the head of state with an ultimatum. Either the entire military campaign is recognized if not as a model then at least as a warranted undertaking, or an en masse resignation.

The group of "pure" power men is joined by colleagues Lobov and Ilyushenko, who were not involved with Budennovsk but who are up to their eyeballs in the Chechen swamp. The deadline: 10 July.

To be sure, Yeltsin has standby candidates for key posts, but what about replacing all in one fell swoop, in the run-up to elections when support by the power structures becomes key if not critical?... Should — God forbid — the people vote the wrong way, and the returns will have neatly to be corrected, how can he possibly do without tried and tested state security cadres?

Subsequent phases are also possible. If when push comes to shove the president has not made up his mind, or if he is physically incapable of controlling the situation, a formal triumvirate a la the State Committee for the State of Emergency will be formed — or a drugged Yeltsin will be left in his present post, but as a mere rubber-stamp.

This is the way democratic deputies assess the resignation statements. The timing is noteworthy. It is quite likely that the power men read in the entirety of Yeltsin's statements prior to the Security Council session the possibility of an unwelcome shift in the country's policy and decided collectively to avert it.

Much in the subsequent course of events in the country depends on which demands the ministers have made as a condition for retracting their resignation offers. These demands are so far unknown. It is quite probable that they include the dissolution of the State Duma, the most vociferous in insisting on replacing the leaders who are incapable of ensuring the country's security and defense.

Version two. What resignation? You must have dreamed it. It was voiced by Communist Ilyukhin, chairman of the Duma Security Committee. The president and the power ministers simply staged a show designed to make an impact on tomorrow's vote in parliament on confidence/no-confidence in the government. The deputies are being told that there is no need to demand the resignation of the cabinet en masse because the hateful power men will shortly be dismissed in any event.

This theory is supported by the fact that the collective protest action involves the "big shots" whose positions in the presidential team after the well known events are totally different. Shortly before the Security Council session, Yeltsin entertained military academy graduates in the Kremlin. Grachev spoke at the ceremony. Not even the most experienced experts would have noticed a trace of disagreement, doubt, or dissatisfaction with each other on the heroes' faces or in their gestures. Quite the contrary, every detail was called upon to emphasize the eternal love by the Supreme Boss for the unsinkable minister. Now militiaman Yerin, on the other hand, before the Security Council session almost openly admitted responsibility for the Budennovsk tragedy.

In the event of a real ultimatum such an enormous time span is never granted. Especially considering that the person being blackmailed (Yeltsin) has a super-trained and super-loyal "republican guard" at his disposal — in effect a parallel power structure led by Korzhakov-Barsukov.

The heroically dismissed Lebed keeps silent. The garrulous Shumeyko evades comment. Not even he can apparently understand which way the wind is blowing. It should also be remembered that big-time bluffing has a nasty quality of turning into actual reality as it moves along.

In any event, an amusing show awaits us today in the Duma. An under-coup [nedoperevorot]? An over-coup [posleperevorot]? How, amid the persistent rumors about their honorable surrender to Chernomyrdin on preferential terms, should the confused deputies vote — and should they vote at all? And now the great jester

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Ivan Petrovich Rybkin pedantically explains that from the point of view of pure law, first there should be a vote on no-confidence (that is, against no-confidence) and then another vote on confidence in the Chernomyrdin cabinet, or maybe the other way around, as our wonderful Constitution commands.

Security Council's Lobov Offers To Resign

LD3006103195 Moscow ITAR-TASS World Service in Russian 0931 GMT 30 Jun 95

[By ITAR-TASS correspondent Pavel Kuznetsov]

[FBIS Translated Text] Moscow, 30 Jun (ITAR-TASS) — State Duma Speaker Ivan Rybkin told journalists today that Oleg Lobov, secretary of the Security Council, told the Security Council session on 29 June that he too is willing to resign over the events in Budennovsk.

Like Interior Minister Viktor Yerin, Defense Minister Pavel Grachev, Federal Security Service Director Sergey Stepashin, and Vice Premier Nikolay Yegorov, who addressed the Security Council sitting "with a tough self-analysis of their actions in a critical situation," Oleg Lobov "spoke of his readiness to share a measure of guilt" in that connection, the State Duma Speaker emphasized.

Acting Prosecutor General Aleksey Ilyushenko did not declare his intention to resign, Ivan Rybkin pointed out.

Article Examines Options on 'Tragedy'

MM2906140295 Moscow IZVESTIYA in Russian 29 Jun 95 p 2

[Article by Otto Latsis: "New Acts of Terrorism Would Benefit Only the Forces of War"]

[FBIS Translated Text] At his 27 June news conference Yegorov, deputy minister of internal affairs, made a statement which might strike people uninitiated in the technology of power as sensational: Premier Chernomyrdin, the hero of the peacemaking action, had been involved in making the decision to storm the hospital.

Yegorov was most likely reckoning on an unpleasant sensation for the premier. Chernomyrdin himself did not make a direct reply to the question put to him that day about Yegorov's statement, thereby increasing suspicions. But there is no sensation here, and the public will hardly receive an exact answer as to whether all this is true. For the elaboration of decisions of this kind is a complex, multifaceted process. It really is hard to imagine that the premier would be excluded from the preparation of such a decision. It would be strange for him to prohibit an action against terrorists who had already killed quite a few people and started shooting prisoners. But the premier was not in Budennovsk (why not is a separate question, but it is one to ask the president, who gave his sanction for the assault not to Chernomyrdin but to Yerin). This means that the premier did not have personal knowledge — how dangerous an assault was, how well prepared it was — but was relying on the staff in Budennovsk, while the "staffers" were reporting to him on the basis of their own desire to storm the hospital without fail.

Something else here is interesting: The very fact of such a statement by a deputy minister, which is a flagrant violation of subordination and of an official's ethic, without which the state mechanism cannot function. What will the premier do now, in the next emergency situation? He will be forced to think not about saving people but about what a colleague standing next to him will announce to the public tomorrow. A violation of an unwritten yet so obvious rule by the deputy of one of the power ministers means that the struggle between the forces of peace and the forces of war within the government not only has not ended but has now come out into the open.

The debate within society over Budennovsk has not ended either — it is only beginning. Here are some viewpoints and arguments.

An assault without casualties among the hostages was impossible, as proved by two abortive attempts. The Chernomyrdin-Basayev agreement averted the deaths of a multitude of peaceful citizens. This is a fact that cannot be disputed.

The terrorists had killed dozens of people even before the talks began — in the course of taking hostages. No government in the world has entered into negotiations with such criminals. This too is a fact.

But nowhere in the world have terrorists made such demands: They were demanding only peace. Does Russia itself really not crave peace? The government, having overcome its pride, agreed to peace talks so quickly, not only giving in to Basayev but, above all, because Russian society has condemned this war and is tired of a war in which there can be no victory. This is a fact.

The agreement with Basayev, however, created a very dangerous precedent and placed a mine beneath the state's very foundations, many politicians say. Now any terrorist will seize people and make any demands he likes. As a result, far more people will die than might have died if Basayev's hostages had been freed by force. But this is not yet a fact. Such a claim can be proved or refuted only by the further course of events.

In addition, it is naive to present the matter as though, in the event of continuing the assault "to a victorious

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end," Russia would have remained what it is now, only without Basayev. In attacking a whole company of well-armed professional killers, in order to stay alive the spetsnaz troopers would have had to use a well-known method: First, throw a grenade into each room without looking and then go in (this was how they "cleared" houses in Groznyy). A figure for "expected, calculated losses among the hostages" was circulating in the Budennovsk staff: up to 20 percent; that is, 500 dead! You can understand what kind of impression hundreds of hostages "freed" in the form of corpses would have made on the country and the whole world. After such a "victory" we would have to speak not of the ability of the government and the state to combat terrorists but of the very existence of the government and the state, for even without this, passions are seething with regard to both lack of confidence and impeachment.

We avoided this danger. Will we avoid another one? Basayev is threatening to repeat terrorist acts if the peace talks do not produce the results that he wants. If this is just a bluff, the likely harm of it is not great, although it is naive to think that such ploys will strengthen the Dudayev side's positions in the talks, rather the reverse. But if Basayev's success in Budennovsk has turned his head and he is capable of repeating an action that succeeded once, then such an action, given any outcome, will not only destroy everything achieved in Budennovsk but will also worsen catastrophically the situation in Chechnya and throughout Russia. Chernomyrdin's peacemaking success will at once turn into a terrible failure. Any new act of terrorism today would be manna from heaven for supporters of strong-arm solutions. The people of Chechnya, who are still hostages of war, would be the first to feel the consequences of such a turn of events. But in that case the people of all of Russia will also see a new wave of terror. The name of all this is civil war.

The talks on peace in Chechnya cannot be easy, taking into account the huge difference in the sides' positions. Patience and readiness to make compromises will be required of all the participants. To speculate at such a time on difficulties, like the attacks on the government that have been ventured in the Duma with a clear view to the elections, is like playing with matches on a drum of gasoline.

Maybe the leaders of some Duma factions would find it useful to ponder on the very poor results of the populist shows of recent days, including threats to remove the president from power. With his promise to announce his decision on the fate of the power ministers only "before 22 July" Boris Yeltsin has made it clear that he is self-assured and has no intention of making any allowances to parliament on the eve of its vote on the "zero option," which provides for the annulment of the vote of no confidence that has been passed.

Whether it is sensible for the president to continue defending the power ministers, who have repeatedly demonstrated their incompetence, is another question. Russians will hardly agree to no one in the government being held responsible for the people's deaths in Budennovsk. If the ministers are not to blame for what happened, then the president himself is to blame — it is hard to dispute this logic. But firmness in the face of Duma populism is in itself strengthening the president's positions. It is equally obvious that with the series of proposals advanced in meetings with the leaders of the government, the Duma, and its factions 27 June (including the idea of a law on a settlement in Chechnya) the president has managed to rise above the warring branches of power and to secure quite strong positions for himself in case of any turn of events — whether toward peace or war.

It is hard to count on sober judgments and actions from politicians in the grip of thoughts about the upcoming elections. But it is impossible after the tragedy in Budennovsk not to remind them again and again that we are all still hostages of the war in Chechnya. We are all picking our way toward peace over thin ice. It will be easy to break it but hard to swim out.

Yeltsin Signs Edict on Security Staffing 23 Jun

MM3006101195 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 29 Jun 95 p 4

[Russian Federation Presidential Edict No. 633 signed by President Yeltsin and dated 23 June 1995: "On Priority Measures to Implement the Federal Law 'On Federal Security Service Organs in the Russian Federation'"]

[FBIS Translated Text] Regarding the adoption of the federal law "On Federal Security Service Organs in the Russian Federation," I decree that:

1. The Russian Federation Federal Counterintelligence Service [FSK], Russian Federation counterintelligence organs, territorial counterintelligence organs, and military counterintelligence organs respectively shall be renamed as of 12 April 1995 the Russian Federation Federal Security Service [FSB], FSB organs, territorial security organs, and security organs in the forces.

2. The appended Statute on the Russian Federation FSB and its structure (Footnote) (Not published) is hereby ratified.

3. Servicemen and civilian personnel with Russian Federation counterintelligence organs undergoing military service (working) in FSB organs shall be confirmed in

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their posts as of 12 April 1995 without recertification or reassignment, and without undergoing any personnel organizational measures.

4. The Russian Federation FSB shall retain the seven posts of Russian Federation FSB deputy director, including one first deputy director and the deputy director chief of the FSB Directorate for Moscow City and Oblast, an 11-man collegium, and the Russian Federation FSB administrative staff of 1,520 that was previously laid down for the Russian Federation FSK.

5. FSB organs shall retain the military and civilian staffing of 77,640 (not counting workers at scientific research and military medical institutions and subunits, or personnel operating, protecting, or servicing official FSB organ buildings and premises) that was previously laid down for Russian Federation counterintelligence organs.

6. The Russian Federation FSB director shall be permitted to make changes to the Russian Federation FSB's structure regarding the established size of its military and civilian staff and its appropriations from the federal budget.

7. The statute on State Security organs in the Russian Federation Armed Forces and other military formations (military counterintelligence) ratified by Russian Federation Presidential Edict No. 277 of 19 February 1993 shall extend to security organs in the forces.

8. The Russian Federation FSB shall adopt departmental normative acts in accordance with the federal law "On FSB Organs in the Russian Federation" and the Statute on the Russian Federation FSB ratified by this edict.

9. The following normative Russian Federation president's legal acts shall be deemed null and void:

Russian Federation Presidential Edict No. 19 "On the Ratification of the Statute on the Russian Federation FSK" of 5 January 1994 (SOBRANIYE AKTOV PREZIDENTA I PRAVITELSTVA ROSSIYSKOY FEDERATSII, No. 2, 1994, p. 76);

Russian Federation Presidential Edict No. 1522 "On Changes and Additions to Russian Federation Presidential Edict No. 19 of 5 January 1994" of 20 July 1994 (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, No. 13, 1994, p. 1477);

Russian Federation Presidential Edict No. 71 "On Changes to Russian Federation Presidential Edict No. 19 of 5 January 1994" of 25 January 1995 (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, No. 5, 1995, p. 398).

10. In Paragraph 2 Section II of the structure of federal executive organs ratified by Russian Federation Presidential Edict No. 66 "On the Structure of Federal Executive Organs" of 10 January 1994 (SOBRANIYE AKTOV PREZIDENTA I PRAVITELSTVA ROSSIYSKOY FEDERATSII, No. 3, 1994, p. 190) of 10 January 1994, the words "Russian Federation FSK" make read "Russian Federation FSB."

11. This edict comes into force from the date of its signing.

[Signed] Russian Federation President B. Yeltsin

[Dated] 23 June 1995, Moscow, the Kremlin, No. 633

Filatov Briefs Editors on Chechnya Court Hearings

LD2906145595 Moscow Russian Public Television First Channel Network in Russian 1100 GMT 29 Jun 95

[From the "Novosti" newscast]

[FBIS Translated Text] Chechnya was the issue today at a meeting of the chief editors club at the Central House of Journalists in Moscow. The club, which comprises top managers of all the media, met with the [Russian] president's chief of staff Sergey Filatov.

[Correspondent Yekaterina Sedova] The meeting was devoted to the military conflict in Chechnya. Sergey Filatov recalled that on 10 July the Constitutional Court will begin hearings devoted to the Chechen problem. From the point of view of the law, the following clusters of issues will be examined there. First, the setting up of the sovereign state of Chechnya on the territory of Russia. Second, the deployment of troops and the beginning of the war in the republic as well as the legal validity of the actions by the federal forces in this issue. It is also planned to examine the constitutionality and validity of Yeltsin's 30 November 1994 edict on measures to restore law and order in Chechnya. As was stated, the media have to supply materials which can be filed in the case as well as an objective assessment of the problem in the press which is expected to facilitate the progress of peace talks which are now under way in Groznyy.

The chief editors expressed their views and agreed to further cooperation and participation in settling the situation in Chechnya. [video shows meeting in progress]

Fedorov Comments on Elections, Democracy

954F2645A Tyumen TYUMENSKAYA PRAVDA in Russian 25 May 95 p 1

[Report by V. Lysov under the "Following the Event" rubric: "'Any Democrat Should Be a Patriot,' Believes

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Boris Fedorov, Former Minister of Finance in the Russian Government, Leader of the 'Forward, Russia!' Movement, and a State Duma Deputy"]

[FBIS Translated Text] As our newspaper has already reported, B. Fedorov held several meetings in Tyumen. One of them was at the Scientists House of the Tyumen University.

There was once a suggestion in the mass media that there are so many political leaders in Moscow that they are crowding each other in the capital. And therefore they have turned their sights to the regions. Over this half-year, this is the third political movement leader to visit Tyumen: G. Yavlinskiy, then V. Zhirinovskiy, and now B. Fedorov. So, what did Boris Grigoryevich bring us?

At the meeting with the university's teaching staff and students, he described the new political "Forward, Russia!" movement, which was formed on 18 February 1995 on the basis of a group of State Duma deputies and the Liberal-Democratic Foundation, headed by the former minister of finance.

"Forward, Russia!" set for itself a goal—for democracy (in B. Fedorov's words, humankind has not invented anything better) and for reforms. Not abstract ones, but concrete ones, the kind that bring improvement in man's standard of living.

The movement advocates a strong federal state, where all Federation components are equal. In this connection, B. Fedorov believes it necessary to also consider "delicate" issues. In the State Duma deputy's words, patriotism is equated today with fascism, nationalism, and so on.

"But we are against the internationalism without kith or kin that does not know where its motherland is. Patriotism and democratism should be identical," said Boris Grigoryevich.

B. Fedorov also said that "Forward, Russia!" intends to participate in parliamentary elections and through this to exert an influence on what is happening in the State Duma and organs of executive authority.

Democratic forces, in deputy's opinion, have been unable to either find their direction in the situation or to use their potential for concrete political and pragmatic purposes. The result was that key parliamentary committees did not succeed in implementing anything serious. Russia's Choice, which had the greatest number of votes, has not utilized its mighty potential.

The "Forward, Russia!" movement's stance on the presidential elections will depend on how the parliamentary elections go. We are in agreement on one point—we are for a candidate from democratic forces.

"We have found out," believes B. Fedorov, "that currently the authority is not in the hands of the democrats. The recently born party of power, headed by Prime Minister V. Chernomyrdin, showed who is who. The people were certain that we had democrats in power but found out that democratic transformations mean rising prices and runaway crime. Democrats have nothing in common with all this. I assure you in all seriousness."

Tyumen's guest dwelt in particular on the system of elections to the Federation Council. In his opinion, deputies to this organ of authority should be elected precisely the same way as to the State Duma. Today, however, what we have is one candidate from the representative and the executive authority from each Federation component. B. Fedorov was also negative about the party-list system in parliamentary elections. Each candidate must have his district, instead of "hiding" in a common list. (By the way, the deputy himself was elected from the 205th one-seat district of Moscow—a blue-collar district with a difficult socioeconomic situation).

Boris Grigoryevich spent more half an hour answering questions from the public. He said that heads of administrations of the regions he had visited have not changed their attitude toward him; told about the possibility of an alliance between parties and movements; whether a mechanism for recalling deputies is needed; and shared some contemplations on the subject of his former work as minister of finance in the Russian Government.

Zhirinovskiy Comments on Grachev, Chechnya, LDPR

954F2637A Tyumen TYUMENSKAYA PRAVDA in Russian 5 May 95 p 1

[Interview with Vladimir Zhirinovskiy, leader of the Liberal Democratic Party of Russia, by Ye. Pletneva; under the "Following the Event" rubric: "Vladimir Zhirinovskiy: 'I Am the Only One the West Does Not Like'"]

[FBIS Translated Text] As TYUMENSKAYA PRAVDA already reported, LDPR [Liberal Democratic Party of Russia] leader V. Zhirinovskiy visited our city last Wednesday. At the square in front of the Geolog Palace, he met with Tyumen residents, explained the substance of his party's program, and answered numerous questions from the audience. We are offering to our readers the answers to some of them, which, in our opinion, characterize the general concept of LDPR's current policy, as well as the leader's own attitude to the most burning problems in the country.

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[Pletneva] What are Russian boys dying on the border with Tajikistan for?

[Zhirinovskiy] Do not forget that what we have on the border of Tyumen Oblast today is already a foreign state, to the south of which a war is in progress. If we withdraw our border troops and the 201st Division from Tajikistan, hordes of bandits will sooner or later make their way to Tyumen because neither Kyrgyzstan nor Kazakhstan have their own army. The states from Afghanistan to the Urals have no air defense system. The sky is open over this territory. Any aircraft can fly in, bomb Tyumen, and we will not even know whose aircraft it was. And there are plenty of people who would like to get their hands on the riches of Siberia and the Urals.

[Pletneva] Your attitude toward sovereignization?

[Zhirinovskiy] We have to liquidate all ethnic-based administrative entities. We should have one state and no discrimination by ethnic attribute. We have to return to what already was in imperial Russia. In Siberia, for instance, there was only one Tobolsk Province. Now we can make five or six, with centers in major administrative districts. The master of the territory must be the governor, with no ethnic coloration. This is the only way to preserve a unified Russia.

[Pletneva] Is it possible to solve the problems in Chechnya peacefully?

[Zhirinovskiy] We should not have started the war. Several years ago I proposed to invite Dudayev to Moscow, give him a position, and then... just send him somewhere as an ambassador. I was not listened to; first they armed Dzhokhar, and then started a war against him. By the way, the LDPR was against it—we are not responsible for a single drop of blood.

Now, however, we cannot stop, although of course it is bad that young Russian soldiers are dying there. But the bandits can be disarmed only by force—no bandit can ever be persuaded to lay down his arms.

[Pletneva] Vladimir Volfovich, the central press links you with some scandalous situations. What is this? Your image, an attempt to please the public, or a deception?

[Zhirinovskiy] Television and newspapers are a powerful force, but 90 percent of the information is a big lie. Journalists today are soldiers who "shoot" with their movie cameras and pens and do more terrible damage than the shooting in the Caucasus and Central Asia.

[Pletneva] Why is Minister of Defense P. Grachev still on the job?

[Zhirinovskiy] We advocate changing ministers when we know that a replacement will be better. But when we know that a candidate for a minister has links with Israel or the United States, it is better to let Grachev stay.

[Pletneva] What guarantees can you give that life in Russia will change dramatically if the LDPR comes into power?

[Zhirinovskiy] The best guarantee is the West's attitude toward a potential presidential contender. Whom does the West like? Yeltsin, Gorbachev, Yavlinskiy, Gaydar? Who does the West not like? Only me, because they figure out quickly who will be helping to plunder Russia, and who will not. Therefore, you all come to vote in the elections, and if you do not want to vote for us, at least pick up your ballots so they would not be used to falsify the results; otherwise, you will get people you do not want in the Duma and for president.

We do not promise that when the LDPR comes to power, everybody will have pineapples and champagne, but there will be no hungry, homeless, and unemployed. We guarantee free health care and education. By the way, it was our faction that derailed pay for education—had it not been for us, the population would be paying for high school education since 1994.

[Pletneva] What is your attitude toward privatization?

[Zhirinovskiy] My voucher is sitting at home. I will stick it on the coffin of one of the reformers. The purpose of any reform and revolution is to seize what is not yours. The current rulers will always find the opportunity to do it. More democracy, socialism, capitalism, sovereignty, but the meaning is still the same: Some will again be rich, and others poor.

I am tired of seeing the same faces on television, especially Gaydar. He sits there, making these smacking sounds, pink as a piglet. You get the impression that he has just stepped away from a feeding bin with condensed milk. His grandfather shredded the Russian empire with a naked saber, and then wrote this idiotic novel, "Timur and His Team." Where is this Timur; where is this team that was helping war veterans? Help veterans now, all of you— Timurs, Yegors, Gaydars.

[Pletneva] Why did you not keep your election campaign promises?

[Zhirinovskiy] We can only fulfill our promises when the LDPR wins the elections. Elections are an important thing; it is not a game, as it used to be under the Communists. It is a struggle. You decide your fate, decide which party will drive you into the grave faster.

Such were the questions, and such were the answers; you draw your own conclusions, dear readers.

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Organized Crime on Anniversary of Edict

954F2620A Moscow SEGODNYA in Russian 14 Jun 95 p 6

[Article by Artem Vetrov: "The Anniversary of the 'Antimafiosi' Edict Is Just the Time To Sum Up Organized Crime"]

[FBIS Translated Text] Yesterday the leaders of the Russian MVD [Ministry of Internal Affairs] marked the first anniversary of the operation of the well-known Presidential Edict No. 1226 of 14 June 1994 "On Urgent Measures in the Fight Against Organized Crime and Protection of the Population From Occurrences of Gangsterism." At a meeting held with journalists in this connection, Mikhail Yegorov, first deputy minister of Internal Affairs and chief of the main directorate for organized crime (GUOP), noted that on the whole this edict proved not as terrible and far from as useless as many imagined a year ago.

According to data of the GUOP, which on the whole applied this edict, more than 12,500 organized criminal groups throughout the country were neutralized during the time the edict was in effect. As active members, more than 26,500 mafiosi passed through the hands of employees of the service. With the employment of the edict, 11,000 criminal cases were instigated, of which 9,000 were sent to the courts. Some 22,400 persons were detained for a period of up to 30 days. Charges were brought against 16,000 of this number, and 12,000 of those charged were arrested.

Mr. Yegorov noted that it is rather difficult to judge the efficacy of the edict by these figures alone. The main thing, he said, is that owing to this document it was possible in some measure to halt the growth in the number of criminal groups, especially of a gangster direction. Thus, the number of premeditated murders was reduced for the first time recently, including contract murders as well. The counteraction of the law enforcement organs to such a phenomenon as gangsterism also moved from dead center. There always was gangsterism in Russia; however, many responsible officials decided to recognize this only after the edict. Last year 263 criminal cases were instigated in Russia according to Article 77 of the Criminal Code of the RSFSR [Russian Soviet Federal Socialist Republic] (gangsterism), while in 1993 there were only 44.

Mikhail Yegorov also paid special attention to questions of individual rights, which, as many thought, would be encroached upon with the adoption of Edict 1226. According to MVD data, for the year that this document has been in effect, 202 complaints were registered against the activities of employees of law enforcement organs. Of these, only 18 were confirmed, three criminal cases were instigated on three complaints; however, all of them were suspended because of the absence of a corpus delicti in the actions of the militia employees. Forty custodians of order were made disciplinarily answerable for the illegal use of edict norms.

The chief detective of Russia emphasized that it was the edict that made it possible to confront gangster groups on a principally new level. After detaining 20, 30, and even 100 persons in one case, it was not possible in the three days allotted in the procedure of Article 122 of the UPK [criminal procedures code] RSFSR to clarify who is who. But in the last year detectives were able to neutralize a number of gangs that had 30-50 persons; moreover, from dozens of regions of the country. Thus, a case is being investigated in Voronezh at the present time concerning a gang that had 29 members who committed more than 150 grave crimes. The so-called Ageya group in Samara Oblast, which is credited with more than 50 contract murders, extortion, etc., was neutralized.

However, Mr. Yegorov remained not very satisfied with the participation of other services and departments of the law enforcement and judicial system. Particular alarm is caused by the sometimes strange, to put it mildly, position taken by courts. Thus, in Pyatigorsk in October of last year, a certain Seropyan, who was charged with aggravated extortion and who was found during his arrest with five Kalashnikov assault rifles, three ordinary rifles, and explosives, was released on monetary bail. The example, in General Yegorov's opinion, is scandalous. And a great number of them can be cited.

Chairman on Customs Committee Operations

954F2567A Moscow KOMSOMOLSKAYA PRAVDA in Russian 14 Jun 95 p 2

[Interview with Anatoliy Kruglov, chairman of the State Customs Committee of the Russian Federation, by KOMSOMOLSKAYA PRAVDA correspondent Igor Chernyak; place and date not given: "Customs Delivers the Goods: 'Over the Year, We Returned to the Country More Than 14 Trillion Rubles,' Says Anatoliy Kruglov"]

[FBIS Translated Text] [Chernyak] Anatoliy Sergeyevich, the Russian GTK [State Customs Committee] has been in existence for almost four years now. Have there been any results?

[Kruglov] For all the 70 years of Soviet power, the customs service was not independent, having been subordinated either to the Ministry of Foreign Trade or the

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MFER [Ministry of Foreign Economic Relations] and engaging mainly in inspecting carry-ons and luggage, as well as political investigations. (It is no longer a secret that there was a list of people whose belongings were inspected particularly thoroughly, confiscating banned literature and such.) In 1986 the customs service was transferred into the subordination of the Council of Ministers, but in essence, nothing changed. The fundamental change came on 25 October 1991, when by the presidential edict the RF [Russian Federation] GTK was created, and soon thereafter principally new tasks were defined for customs. While in the past, customs was seen first and foremost as a fiscal body—collecting taxes and duties—now the law enforcement role of customs has increased considerably, and most importantly, it has gotten into forming the revenue part of the state budget, having been given the status of a state organ.

But it is one thing to define tasks, and quite another to fulfill them: For the latter, we did not have either the material or legal base, did not have enough staff and, frankly, professionalism. A complete disaster: Only one building and some equipment on the customs' books—that was all. And at the same time, more than 14,000 km of open border in the western part of the country.

At the same time, it was clear that nobody would give us the money: The budget was already bursting at the seams. That is why we got the government to permit us to create our own nonbudget fund, which would accumulate the money from the sale of property confiscated by court ruling in cases involving contraband and the violation of customs rules, as well as unplanned customs revenue and fees, and have begun to earn money ourselves. This was a rather new undertaking, since everywhere in the world the customs service is financed by the state. But today we can say that this approach has paid off.

[Chernyak] That is, you exist on confiscations and fines?

[Kruglov] Not exactly. Confiscations and fines make up approximately only one-fifth of our nonbudget fund. The main source of income is still the fees for customs processing. In 1994 our nonbudget fund amounted to 920 billion rubles [R]. Of this, R365 billion (39 percent) was spent on cash maintenance and state support for personnel and other expenses on maintaining the customs organs; R462 billion—on construction and repair of border control points and other infrastructure facilities; R80 billion—to purchase special equipment, communications devices, arms, and transportation; and R13 billion—on R&D.

Still, I will emphasize: We were able to accomplish the most important part—to move the customs points deep into the country's territory and equip many of them with state-of-the-art technology without taking a kopek from the state budget. Moreover, in 1994, for the first time a task was set for the customs service—to earn R14 trillion for the state. Today I can report that despite all the difficulties, we have fulfilled this task by 106 percent.

By now we have already become a tremendous inconvenience for those who try to get around the law every way they can: Some have been pushed into bankruptcy, and against others very serious fines have been levied upon uncovering contraband. We have established relations with colleagues abroad and have solved several major cases with their help. It is not surprising that we have become an inconvenience for some. Perhaps this is the reason certain "ripples" have started rolling against us.

[Chernyak] At least in the State Duma and Federal Assembly, one can hear talk today that the GTK has begun to serve "the party of power." As an example, they cite the Volga regional customs administration, which allegedly conducts some sort of an "aggressive policy" with respect to foreign companies, and that these activities allegedly are sanctioned by the top national-level officials who are members of the Russia Is Our Home electoral bloc, and that huge amounts of money from fines and confiscations are being directed into financing the election campaign of prime minister's supporters.

[Kruglov] I can only characterize this as a political provocation, and a two-barrel shot at that—at the prime minister and at us. It is not accidental that the campaign to discredit the customs organs began on the eve of 25 May, for which the hearing of the report on the GTK work was planned at the RF Government's meeting. But I want to say that nobody will succeed in dragging us into politics.

[Chernyak] KOMSOMOLSKAYA PRAVDA has in its possession a score of letters and copies of letters regarding the incident at the Samara customs service—both from its employees demanding refutation of one of our materials and from other persons. Representatives of the SOVT Chinese-Russian association, for instance, write about the attempted illegal, in their opinion, alienation of SOVT's property worth $825,000 by Samara customs personnel, extortion of bribes, etc. This whole story has a mystery element to it as well: The authors of three letters—State Duma deputy Maksimov, deputy chief of Samara Customs Koberskiy, and chairman of the RF Journalists' Union Bogdanov deny the letters allegedly signed by them, calling them a crude forgery.

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The situation in the Samara customs is currently under investigation, and I would rather not jump on the events. As to the wave of anonymous letters—this is another proof of what I have already said. A well-designed campaign is being conducted—by professionals, not dilettantes. Perhaps some people do not like it that we are quite independent these days and implement the policy of the president, government, and the parliament instead of that of some individuals.

As to the forgery that showed up in the Duma, allegedly signed by Bogdanov, to the best of my knowledge, the FSB [Federal Security Service] is working on it and I hope we will soon have an answer as to who is behind it.

[Chernyak] In the opinion of observers, MVD [Ministry of Internal Affairs] personnel have lately begun to see the customs as competition of a kind. And although such rivalry, strictly speaking, is not rare—suffice it to recall the relations between the MVD and the KGB in years past—this does not make it easier. The latest example of the latent conflict was the incident in Bryansk, where the police arrested the chief of the local customs service on suspicion of corruption. But there is also another version of the conflict—ordinary score-settling. When will the GTK and the MVD work in concert instead of putting spanners into each other's wheels?

[Kruglov] I would characterize the relations between the MVD and the GTK as good and businesslike. On 23 May, a joint meeting of our agencies' collegiums on the question of combating drugs was held. We try to project such relations to the local level as well. Alas, not everything goes the way we would like to, however. There are still problems on the local level; there are conflicts, and in this respect I do not want to shield my own—everything happens. I think it is a matter of time. We received the status of a law enforcement agency only recently—in 1993—and we need time to "fit in."

[Chernyak] We hear increasingly often these days that customs organs do not need to be independent at all, and that they should be again subordinated to some state structure—for instance, the Federal Border Service. How do you feel about such ideas?

[Kruglov] I have already mentioned that now that the customs has begun to earn its own money, quite a few would like to take it under their roof—in the conditions of deficit, even our relatively small money is tempting. But I believe that today it absolutely should not be done. From the standpoint of the interests of the state, the task should be different: to preserve the customs service, which is just getting on its feet. Yes, in some countries the customs service is subordinated to various agencies, but we should not really draw parallels: Over there, in any case the customs service is independent, has its own material base and equipment, and for them the question of subordination is purely a formality. In our country, alas, we cannot yet do it.

[Chernyak] Anatoliy Sergeyevich, there is a popular opinion of the nearly across-the-board corruption among customs personnel. The latest examples: charges of bribe-taking on a particularly great scale brought against high-ranking customs officials in St. Petersburg, catching red-handed a department chief of the railroad customs in Moscow. Should we be surprised: The average salary in the customs these days is between R300,000 and R500,000, and right next to you flows enormous money in foreign currency. And another point: About 20 percent of the money coming into the federal budget currently comes from the customs. In your opinion, is not there a discrepancy—that those who bring to the state such a huge part of its revenue must themselves drag out a miserable existence?

[Kruglov] Everything you are saying is true, and at the same time not true. Last year Viktor Yerin delivered a report on corruption in state structures. Among the persons against whom charges were to be filed, members of the law enforcement community comprised 25.8 percent, and customs personnel—2.5 percent. I want to emphasize—there figures are not ours; they come from, as you put it, a rival structure. Were we corrupt throughout, we would never have achieved the results I was telling you about. Yes, there are negative facts, but you cannot smear the entire collective because of several hundred dishonest persons. Just think about it: Over a short period of time we have hired almost 45,000 persons. Of course, some among them were chance people. That is why in 1994 the GTK created its own security service, which deals both with problems of threats against our personnel (of which, by the way, there are quite a few, and they are often carried out), and the problem of our own personnel violating the law. I can tell you that about 40 percent of the abuse committed by customs personnel was uncovered by our own units.

As to salaries, in our agency it is not R300,000-500,000—it is R650,000. The national average is R500,000, so we are not that badly off, and as to state employees, we are in the top 10. So it would be quite an exaggeration to call it a miserable existence.

FROM THE EDITORS:

While the text of the interview with A. Kruglov was being prepared for publication, our special correspondent returned from Samara and Nizhniy Novgorod. Although the GTK commission has not yet issued a final ruling, some conclusions can be already drawn on the basis, in

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particular, of KOMSOMOLSKAYA PRAVDA's own investigation and the investigation conducted by the Samara transportation procuracy. The main conclusion: The information used in the article "Criminal Gangs Are Running Russian Customs" (KOMSOMOLSKAYA PRAVDA, 22 April 1995) to a considerable extent is not true.

In reality, in the beginning of this year Samara customs seized a large consignment of goods delivered by three IL-76 airplanes from China. A certain Moscow company, Cargointrans, was listed as the consignee. As is already clear by now, the customs personnel acted in full conformance with the law, since the cargo was being shipped on fake documents, and the shipper—a dummy Chinese company—simply did not exist. The goods, listed as equipment, in reality consisted of very low-quality garments and was intended for Moscow private "shuttle" traders. Chief of the Volga customs administration A. Vagin slapped the Cargointrans company with a fine in the amount equal to 100 percent of the consignment's value (almost $900,000).

This is all there is to it. But someone apparently was very reluctant to lose such a substantial booty. And a grandiose scam worthy of Ilf and Petrov was launched. Aiming at discrediting the leadership of the Samara customs, the Volga regional administration, and the Chapayevsk measuring devices plant, anonymous letters bearing fake signatures of very respectable people—in particular, deputy V. Maksimov and Journalists Union Chairman V. Bogdanov—were sent to the Russian Government, the State Duma, the general procuracy, and B. Yeltsin personally. Alas, our newspaper also took the crooks' bait and rashly published the material on the allegedly sensational exposure, which upon closer investigation turned out to be slander.

Not everything is completely clear in this unseemly story, however. Because the editors were not the only ones to take the crooks' bait—the anonymous letters have resolutions of high-ranking officials attached: first deputy prime minister Oleg Soskovets and first deputy speaker M. Mityukov. The forgeries are of a highly professional quality, using official stationery of serious state organizations. The crooks' design goes far beyond merely defending their mercenary interests. One can sense that behind them operate other, mightier forces interested in discrediting the GTK as a whole, and with it—the new electoral bloc Russia Is Our Home, which allegedly exists on the money from illegal customs fees (this was, in particular, the subject of one of the anonymous letters bearing V. Bogdanov's signature). That is why the editors do not intend to let the matter rest and will continue the investigation, but now in a completely different direction. We already have some facts in our possession.

As to the collectives and the leadership of the Samara customs, the Volga regional administration, and Valeriy Goncharov, Aleksandr Vagin, and Vladimir Zakharov personally, the newspaper is offering them all our most sincere apologies.

Military Issues

Nuclear Engineering Export Possibilities

954Q0232A Moscow FINANSOVYYE IZVESTIYA in Russian 15 Jun 95 p 4

[Article by Sergey Mushkaterov of FINANSOVYYE IZVESTIYA and Yuriy Rogozhin, chief of a laboratory of a research center of the State Committee of Russia for Nuclear and Radiation Safety: "Time for the Domestic Nuclear Industry To Emerge From the Period of Semi-Disintegration"]

[FBIS Translated Excerpt]

Competitors Do Not Like To Sit With Their Arms Folded

The arguments surrounding the expediency of the construction of a Russian nuclear power plant in Iran and cooperation in the field of nuclear engineering between Moscow and Beijing have been going on for several months now. The duration of the conflict situation and also the savagery in the exchange of blows between the supporters and opponents of such cooperation testify that the conflict goes far beyond the framework of the two specific projects. The economic and political interests of many countries, and not only those of the present moment, but strategic also, are closely bound up in it.

And this is perfectly explicable. Let us take, for example, the construction overseas of nuclear power plants. As the product of nuclear industry, the nuclear power plants simultaneously perform the role of principal consumer of its product—their "own" nuclear fuel, spares, and component materials are needed for the operation of nuclear power plants. Thus, a country that exports nuclear power plants has for many years ahead a guaranteed consumer of the product of its nuclear industry.

The closure, on the other hand, of operating nuclear power plants (we are not, of course, talking about dangerously outdated sites) and the renunciation of new projects overseas would not only inflict a multi-level blow on the country's nuclear industry, but would also evoke a gracious response from competitor states vitally interested in this highly profitable and not all that spacious market.

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They are taking advantage of any opportunity to squeeze out the adversary. The best way is to foist on public opinion the discussion of safety problems. This was manifested particularly graphically after the Chernobyl tragedy, when the shortcomings characteristic of reactors of the RBMK [channel high-capacity reactor] type (they are called Chernobyl-type reactors in the West) were without adequate justification transposed onto all Soviet reactors. Yet we had for a long time been building abroad VVER-type reactors, which are analogous to the world's most prevalent PWR-type reactors (vessel pressurized water reactors). Nonetheless, the active propaganda campaign did its work: Some nuclear power plants with "Soviet"-type reactors were closed, and the construction of new ones was in practice terminated. [passage omitted]

Attacking the Chinese and Iranian projects, critics took advantage of another safety aspect—discussion of the problems of the nonproliferation of nuclear weapons.

The Chinese project specifies the construction of a uranium-enrichment plant, which was begun in 1992. It was with good reason that China preferred to import uranium-enrichment technology from Russia. It was, in fact, generally acknowledged among specialists that this was one of the few technical fields in which the former USSR was still "ahead of the planet entire." Small but inexpensive and reliable Russian gas centrifuges are united in complexes of many thousands of units. How this is done is the technical secret of the competitiveness of Russian separative technology.

According to information from competent sources, the contract provides for three stages of the project. Stage one, whose capacity is 200,000 separative work units a year, is to be commissioned in November of next year. It is planned to have raised the enterprise's capacity to 500,000 separative work units a year by 1998. Stage three provides for an increase in capacity to 1 million separative work units a year.

Despite the fact that the enterprise under construction could be used for military purposes, the project has evoked, as distinct from serious criticism on the part of Russia's Greens, rather "routine" censure in the West. The primary reason for this, most likely, is the fact that Beijing is a long-standing member of the "nuclear club."

In respect to the Iranian project, on the other hand, both the Americans and some of our scientists have been united—Tehran needs a nuclear plant only to assemble a bomb.

Of course, plutonium, which could be used to create nuclear munitions, may be extracted from spent nuclear fuel in principle. But this can be done only with the aid of intricate and costly technology. In addition, Iran has signed the Nuclear Nonproliferation Treaty and has declared that it is prepared to assume the commitments pertaining to control on the part of the IAEA of the nuclear materials. [passage omitted]

A legislative base regulating the use of atomic energy is practically totally absent in Russia, and when it will appear, it is hard to say. Even the draft law "On Official Policy in the Handling of Radioactive Material," highly successful, in the opinion of a number of independent specialists, has not made it through the Federation Council. Perhaps the whole problem is that both the Greens, who consider it too liberal, and the Ministry of Atomic Energy, to which it appears unduly burdensome, have fulminated against this law?

But without such a law, foreign economic activity in the sphere of atomic energy is highly complicated, since, according to the established rules of the game on the world market, a member of the nuclear club supplying nuclear fuel overseas assumes commitments in terms of acceptance of the spent fuel either for storage or for reprocessing.

Domestic Atomic Industry Has Things To Offer the World Market

[passage omitted] Even today, Russia continues to have things to offer the world nuclear technology and materials market. From the viewpoint of many segments of this market, what is more, Moscow has only recently begun to timidly emerge from a long period of missed opportunities.

In the 1980's, for example, the Soviet Union had a real opportunity to move onto the enriched-uranium market. But the secrecy stamp prevented this. The missed benefit is indicated if only by the fact that Russia's income from trade in natural uranium and nuclear fuel and also uranium-enrichment services last year constituted $1 billion. A year ago, this indicator was $500-600 million.

Shipboard nuclear propulsion plants represent a striking example of Russian nuclear technology that is as yet going begging overseas. Russia is the sole country that has a civilian nuclear-powered fleet, represented, in the main, by nuclear-powered icebreakers. Their onboard nuclear reactors could be employed successfully not only as part of a propulsion system, but also as a power source at floating nuclear power plants. The reason for the fact that they have not spread overseas is that same secrecy inherited by these reactors from their prototypes on nuclear-powered submarines. Yet secrecy issues could have been resolved long since, if only by supplying the reactors in locked form, under seal, to

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prevent it [as published] being opened throughout the time of its operation.

Our so-called "fast" reactors, whose operation is far simpler and less problematical than the French Superphoenix, for example, have undoubted prospects also. Highly indicative in this respect is the example of Japan, which does not greatly care to purchase Russian technology. Nonetheless, an association of Japanese firms headed by Marubeni [name as transliterated] has signed a contract with Russian firms for the transfer of know-how and experience of the operation of breeder reactors. The sum total of the contract is put at several million dollars. Agreement was reached simultaneously on the transfer to the Japanese of the Russian technology of the "dry" reprocessing of spent nuclear fuel. The British have recently been inquiring about this technology.

Our space-based nuclear technology could be of even greater interest overseas, potential thus far, it is true. The Americans, who purchased the Topaz, acknowledge that they are 10 years behind in the development of space-based nuclear reactors. If it is considered that the future of communications and telecommunications on earth is directly connected with space, satellites have to have most powerful energy sources. Using nuclear reactors on them, we could resolve not only this problem but also reduce (tenfold, even, according to some calculations) the number of costly launches of these satellites.

The State Must Have a Marketing Strategy

Despite the savagery of the competitive struggle on the world market, the most important problem in the promotion of the product of Russia's nuclear industry and technology is still the state itself, which has no precise marketing strategy.

In the opinion of Boris Nikipelov, adviser to the minister for atomic energy, even from the purely commercial viewpoint, domestic nuclear industry was not until recently interested in a search for new paths of a move overseas with its product and technology: Enterprise capacity was fully loaded, and the sale of technology overseas was traditionally, and to a large extent rightly, considered disadvantageous, since it could merely work to the benefit of competitors.

Such a need arose only when the industry found itself involved in multi-level conversion. But even today, when, for example, the uranium-enrichment plants are operating at only one-third of capacity, it would make sense to sell uranium-enrichment services, not technology. The same applies to other branches of nuclear industry also.

At the same time, according to Nikipelov, the current world practice presupposes the possibility of the sale of technology also. It could even be a question of prospective developments here, but if the seller takes part in its introduction or the customer is prepared to purchase the technical novelties in a large volume.

The Chinese contract, incidentally, showed that Moscow is, by all accounts, beginning to learn these lessons. As specialists who wished to remain anonymous told us, the decision to conclude the contract with China was made only after it had been ascertained that it could really purchase the necessary technology from another country. In addition, the rate of growth of enterprise capacity was calculated such as to cover only China's own needs. Even after stage three has come on stream, the sources emphasized, the plant will have comparatively small capacity and could not become a competitor for the analogous, but considerably more powerful, Russian enterprises.

Unfortunately, in many other instances the state and, primarily, the Ministry of Atomic Energy are failing to display due efficiency. For example, a technical argument for the suspension of the operation and construction of nuclear power plants in East Europe was the fact that the system of Soviet automatics was inferior to its Western counterparts. But did this become known only recently? The representatives of Soviet and then Russian nuclear industry had time to address to leading Western firms in this sphere a proposal for cooperation. There continues to be this opportunity now also, although it is becoming increasingly transparent.

And, finally, the Russian atomic department is hopelessly losing the struggle for public opinion, and not only to competitors overseas, but also to the native Greens, what is more.

Yet, despite all its shortcomings, Russia's nuclear industry deserves a better fate. It was and remains a sphere of the use of the latest and most progressive technology, which is enriching and contributing to the development of the country's entire technological potential.

Regional Affairs

Further on Chechnya Peace Talks in Groznyy

Mikhaylov Speaks at News Conference

LD2906182495 Moscow ITAR-TASS World Service in Russian 1616 GMT 29 Jun 95

[By ITAR-TASS correspondent Sergey Trofimov]

[FBIS Translated Text] Groznyy, 29 Jun (ITAR-TASS) — Today, the talks in Groznyy was dedicated to the discussion of political problems, Vyacheslav Mikhaylov,

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head of the Russian delegation, said at a news conference. "We think that a constructive approach to resolving the main issue — holding free democratic elections in Chechnya — has been found," he said.

In his opinion, the optimum time-scale for holding them will be determined by life itself. But there should be no delay in carrying out the will of the people, Vyacheslav Mikhaylov stressed. The question of Dzhokhar Dudayev participating in the forthcoming elections was not discussed, he added.

Usman Imayev, head of the Chechen delegation, confirmed that the talks' participants had attained mutual understanding and the desire to resolve all problems in a peaceful and mutually acceptable way. He asked journalists to take into account the fact that any information about the course of the talks is being given jointly by the sides in agreement at joint news conferences. All other statements or assessments are either a fabrication or the purely personal opinion of an individual. The talks will be continued tomorrow.

Government Side Issues Statement

LD2906215895 Moscow ITAR-TASS in English 2028 GMT 29 Jun 95

[FBIS Transcribed Text] MOSCOW, June 30 (ITAR-TASS) — The government Information Department distributed a report on the talks on the Chechen settlement which resumed in Groznyy on Wednesday. The report said:

"According to a report from the federal executive government's territorial department, another round of talks on the peace settlement in the Chechen republic which began yesterday was resumed before noon today.

"The government delegation was represented by Vladimir Mikhaylov, Aleksandr Volskiy, and Nikolay Semenov. From the Chechen side the talks were attended by L. Magomadov, A. Bugayev, U. Imayev, A. Zakayev, and A. Maskhadov representing different political forces (in Chechnya).

"A report by A. Vitalyev, the aide of A. Kulikov, on the causes of ongoing exchanges of fire, and the mechanism and some results of the process of disarmament and separation of the opposing sides, has been heard and taken into consideration.

"An exchange of opinions on a number of political problems and principal approaches to their coordinated resolution has taken place.

"The OSCE (Organisation for Security and Cooperation in Europe) representative Sandor Meszaros told participants on a meeting of this international organisation in Cannes, which welcomed the news on political dialogue in Chechnya and expressed hope that a constructive solution of the Chechen crisis would be found.

"Talks are planned to be resumed in the afternoon."

Volskiy: Amnesty for Chechen Fighters

LD3006090195 Moscow Radiostantsiya Ekho Moskvy in Russian 0800 GMT 30 Jun 95

[FBIS Translated Text] Arkadiy Volskiy, deputy head of the Russian delegation at the talks in Groznyy, said today that a draft federal law on amnesty for all participants in the armed conflict in the Chechen republic is now being prepared. Arkadiy Volskiy noted that the amnesty will affect Dzhokhar Dudayev as well. May I remind you that the Prosecutor General's Office is carrying out an all-Russia search for the Chechen leader.

Our special correspondent in Groznyy notes that if Dudayev is granted amnesty, the Chechen president may take part in general elections scheduled to take place in the republic in the fall.

Six Political Issues Agreed Upon

LD3006080695 Moscow ITAR-TASS World Service in Russian 0720 GMT 30 Jun 95

[By ITAR-TASS special correspondent]

[FBIS Translated Text] Groznyy, 30 Jun (ITAR-TASS) — The Russian Government delegation and Dzhokhar Dudayev's representatives have already reached an agreement on six political issues at the talks in Groznyy on settling the Chechen crisis. An ITAR-TASS correspondent learned this today from an informed source close to the participants in the talks.

The main issue which has been agreed upon is that both parties will refrain from discussing the political status of Chechnya until free democratic elections are held in the republic. The five other issues that have been agreed upon define the order and conditions under which the Chechen people can express their will freely, the source said.

The next round of the talks will take place in the Organization for Security and Cooperation in Europe mission building in Groznyy today.

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Participants Comment on Talks

LD3006103995 Moscow ITAR-TASS World Service in Russian 0838 GMT 30 Jun 95

[By ITAR-TASS special correspondents Sharip Asuyev, Nikolay Zagnoyko, and Sergey Trofimov]

[FBIS Translated Excerpt] Groznyy, 30 Jun (ITAR-TASS) — The talks on a peaceful settlement of the Chechen conflict between the Russian Government delegation and Dzhokhar Dudayev's representatives resumed at the Organization for Security and Cooperation mission at 0715 GMT.

"A lot of political questions are to be examined," Arkadiy Volskiy, head of the Russian delegation, told ITAR-TASS prior to the meeting. He thinks that "there will be a third round of talks but it has not been decided where and when." The Russian side proposes that the talks be held in Moscow and Dudayev's representatives think they should be held in the village of Bamut, 60 km southwest of Groznyy. Volskiy said that Prime Minister Viktor Chernomyrdin could take part in the talks if they were to continue in Moscow. [passage omitted]

Five of the points already agreed upon concern the procedure and terms of elections. Both sides admit the following: refrainment from the use of force or threat of force in handling moot points; creation of equal conditions for all citizens of Chechnya to express their will, including those who were forced to leave the republic; participation of all social and political forces in the run-up to the elections; holding the elections on the basis of jointly elaborated and, thus, acceptable rules for both sides; monitoring by independent observers, including foreign ones, of the organizing and holding of the elections.

Mutual understanding reached on these points has become a good beginning for a successful continuation of the talks. However, an informed source said that the demand by Dudayev's representatives that "there are no bodies of power on the territory of the Chechen Republic other than those probated by the president, parliament, and government of the Chechen Republic" could become a stumbling block.

The source believes that the so-called "zero option," according to which both Chechnya's former and present authorities should step down, has realistic prospects. If Dzhokhar Dudayev steps down then armed formations backing him will be illegal from a legal point of view. They will not accept this, of course, the source said.

For his part, head of Dudayev's representatives Usman Imayev confirmed in an exclusive interview with ITAR-TASS that "understanding has been reached on many aspects of political problems." "The general atmosphere at the talks inspires optimism," Chechnya's former prosecutor general believes. He also said that the delegation of Dudayev's representatives has already prepared its own variant of the final communique on the results of the talks.

Chechen Officials Agree To Resign

LD3006112095 Moscow ITAR-TASS World Service in Russian 1051 GMT 30 Jun 95

[FBIS Translated Text] Groznyy, 30 Jun (ITAR-TASS) — Umar Avturkhanov, the head of the National Accord Committee, and Salambek Khadzhiyev, the leader of the National Rebirth government, today agreed to resign.

"For the sake of peace in Chechnya we have agreed to resign," they said at a news conference in Groznyy. They both think, however, that peace in Chechnya can be attained only if Dzhokhar Dudayev also unconditionally resigns.

Field Commanders Observe Moratorium

LD3006112295 Moscow ITAR-TASS in English 1107 GMT 30 Jun 95

[By Sergey Ostanin and Anatoliy Yurkin]

[FBIS Transcribed Text] MOSCOW, June 30 (ITAR-TASS) — Most field commanders and illegal armed units are observing the moratorium on hostilities in Chechnya, ITAR-TASS was told today at the Press Centre of the Joint Group of Federal Troops in the Chechen Republic. Officials of the Press Centre said that they were establishing contacts with the command of the federal troops, eager to clarifying some problems linked with the peaceful settlement of the conflict and disengagement.

However, there were still some cases when the moratorium was violated. During the past 24 hours, the officials stated, fire was opened 24 times on positions of the federal troops. Three servicemen were wounded and one killed. Gunmen opened fire 14 times on posts and positions of the Joint Group of Federal Troops in Groznyy last night. Retaliatory fire had to be opened in seven cases.

Servicemen of the Joint Group of Federal Forces, ITAR-TASS was told at the Press Centre, are actively clearing of mines local roads, fields and pastures, are restoring economic facilities.

The federal forces were able to prevent several subversive acts. Groups of militants were arrested last night in different parts of Chechnya. They were caught transporting explosives and committing other crimes. Nevertheless, terrorists were able to blow up the buildings

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of the village council and of the savings bank in Katar-Yurt.

According to the Information and Press Department of the Russian Defence Ministry, a tense situation exists around the populated localities of Kurnaloi and Avtury (30-40 kilometres to the southeast of Groznyy), where field commanders are demonstratively regrouping their forces. Officials of the department claim that Dudayev's representatives, taking part in the Grozny negotiations, are still unable to exercise full control over the illegal armed formations.

Weapons are being voluntarily surrendered in the republic. The population has so far handed over to law enforcement bodies more than one thousand pieces of different weaponry. There was a case when a villager had voluntarily surrendered a rapid-firing cannon.

Article Views Progress at Chechen Peace Talks

MM3006091195 Moscow ROSSIYSKAYA GAZETA in Russian 30 Jun 95 First Edition p 2

[Report by special correspondent Yanchenkov: "Talks by Day, Shooting by Night"]

[FBIS Translated Text] It is oppressively hot in Groznyy. But despite the scorching sun people stand from morning to evening outside the residence of the OSCE mission where the second round of talks began 28 June between the Russian Federation Government delegation and D. Dudayev's representatives. They are concerned for the progress of the talks because how they will live in the future depends on them.

Opinions vary. Someone is holding up a placard in defense of Dudayev. But nonetheless the majority of those with whom I talked are specific: Peace is needed, the final disarmament of the gunmen is needed, and stable conditions are needed for the economic resurrection of Chechnya, which has been brought to despair by Dudayev's regime.

A. Sumbulatov, Chechen Republic minister for religions and beliefs:

"The fact that the Russian Government is holding talks with Dudayev's representatives on three groups of issues including problems of a military nature, economic relations, and a political settlement, attests to equality. Russia is dealing in this case with the participants in the conflict and with representatives of the Chechnya Government. Although Chechnya has its own government headed by Khadzhiyev. I personally treat this utterly calmly because there is obviously no other way out of the existing situation.

"I merely want the crime committed by Shamil Basayev in Budennovsk not to cast a shadow over the entire Chechen people whom some people are prepared to declare a terrorist people on virtually a world scale."

Fatima Dimayeva, public figure:

"I want the talks to end as rapidly as possible and with results so that peace and concord can come to our long-suffering republic. Everyone is tired of the Dudayev supporters' senseless carnage. Even the gunmen themselves."

Satsita Agayeva, unskilled worker:

"We went through a lot of grief under Dudayev. Allah grant wisdom to the participants in the talks so that they are guided not by some political ambitions but by the interests of Russia and the Chechen people."

At the talks the delegations exchanged information on the military situation and the observation of the moratorium. Military expert General M. Yagodin has reported that in the period 23-26 June the illegal Dudayev formations violated the agreement on the cessation of fighting 65 times, including over 30 times in Groznyy itself. Over this time three Russian servicemen died and there are wounded.

Dudayev's side noted several instances of rocket and bomb strikes by the federal forces against areas where Dudayev's supporters are deployed. But, the Russian military experts stated, these incidents were provoked by Dudayev's gunmen.

The sides agreed on the unconditional observance of the moratorium on fighting for the duration of the talks. A. Maskhadov, chief of the main staff of Dudayev's illegal armed formations, announced that he had gathered together the field commanders, including several underground formations in Groznyy, and strictly forbidden them to provoke the breakdown of the talks.

Information was heard from military experts from the two sides on the fulfillment of previously reached accords on the block of military problems. The sides expressed satisfaction at the results achieved in this direction. Questions of communication between the command of the united grouping of federal group have been regulated and a direct link has been established between Anatoliy Kulikov, commander of the Russian grouping, and Aslan Maskhadov, chief of the Dudayev supporters' main staff. Everything has been determined, right down to the frequency and the passwords.

It has also been decided to separate the troops to a distance ruling out direct military clashes.

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It was hard to resolve the question of granting the Chechen Republic Government and the National Consensus Committee the status of a third official side at the talks. The final solution of the question has been deferred to a later date. The block of political questions including the question of D. Dudayev's political future, will be discussed.

Chechen Rebels Seek Shari'ah Law, Independence

LD3006091895 Moscow ITAR-TASS in English 0853 GMT 30 Jun 95

[By Nikolay Zagnoyko]

[FBIS Transcribed Text] POSITIONS OF CHECHEN REBELS June 30 (Itar-Tass) — Chechen fighters driven by Russian forces to the southern mountains of the republic are satisfied with agreements reached at the peace talks in Groznyy, want to end the bloodshed, but insist on independence of Chechnya and on the law of Shari'ah, rather than the Russian Constitution.

"We are not only following (the talks), we can say we control them", Opti Khasbulatov, the commander of forces loyal to Chechen separatist leader Dzhokhar Dudayev at the southern Urus-Martan frontline, told TASS Friday in a rare interview in forest-covered mountains in the south of Chechnya.

"We are satisfied with the results which have already been reached. We are ready to fully disarm in case the Russian troops are completely withdrawn and combat activities are ceased", the former batallion commander of the Soviet army said.

Khasbulatov added that the "war in Chechnya should be stopped. This is our obligatory demand to the Chechen delegation in Groznyy", he added and described the war as a "genocide".

The commander pledged that his forces are observing the ceasefire moratorium and said "we will undoubtedly bow to the people's will which will be expressed at free and democratic elections".

But the militants fear Russia may deceive hem. "We have to be cautious to the maximum. I do not trust Russia as it has several times cheated us. Thus it is important to avoid any miscalculations", Khasbulatov said.

Most of his fighters interviewed by TASS correspondent said they want Chechnya to be an independent state living by the Muslim religious law of Shari'ah.

They already abide by the law in their camp which says orders should be strictly fulfilled and severe punishment should follow misbehaviour.

Khasbulatov himself has been recently punished for cursing in public. He was hit 15 times with sticks on the footheels. There is a special open place for the punishments in the camp.

The militants resolutely objected the official labelling of them as criminals.

"We are not a gang of robbers without kin or family as certain mass media try to depict us", a field commander told TASS without naming himself. "There are teachers, doctors and many workers of Groznyy enterprises among us. There is a strict system of interaction between out units", he said.

A narrow road snakes up through the mountains to the picturesque place where the fighters set up their camp. A river flows beneath and the place is all covered with woods.

On the way down from the camp TASS correspondent saw a tractor pulling a cart full of ammunition.

A short order was heard and dozens of fighters began to unload the cart and carry the heavy cases with ammunition to the camp.

The fragile peace in the mountains still reigns.

Acting Chechen Interior Minister on Dead, Missing

LD3006103495 Moscow ITAR-TASS in English 1004 GMT 30 Jun 95

[By Sharip Asuyev]

[FBIS Transcribed Text] GROZNYY, June 30 (ITAR-TASS) — As many as 726 people are now missing in Chechnya. As many as 60 burial places, including six mass graves, have been discovered. As many as 468 bodies were exhumed. One third of their number have been identified. Lieutenant-General Vladimir Shumov, acting Chechen Minister of the Interior, reported this here.

Addressing a joint meeting of the national revival government of Chechnya and the State commission on the restoration of the economy and social sphere in Chechnya, Shumov admitted that Chechen law enforcement bodies have to work in extremely difficult conditions. They work in contact with the military procurator's office and with the federal troops commander. He believes this helps promptly react to incidents in which servicemen are involved.

He said, specifically, that by joint effort it has been possible to identify servicemen of the federal forces who shot to death a few days ago five peaceful people in Aldy village and also killed Prorector of the Groznyy

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pedagogial institute Ruslan Goitemirov who was riding in his car. Criminal proceedings were instituted.

Shumov also said that a large number of arms had been distributed in the past among the anti-Dudayev forces in Chechnya. There were some 6,000 submachine guns among these weapons. It is the first time such a figure was officially named. Just over 1,000 arms have already been confiscated from the population. These fire arms will be supplied to units of local militia.

The units of local militia have already began working in most regions of the republic, including highland Chechnya.

Pakistan Lodges Protest on Basayev Rumors

LD2906134795 Moscow Radio Rossii Network in Russian 1300 GMT 29 Jun 95

[FBIS Translated Text] The Pakistani Embassy in Moscow issued a note of protest to the Russian Foreign Ministry regarding rumors spread by high-ranking Russian officials and based on unverified information that Chechen terrorist Shamil Basayev is in Pakistan.

On Wednesday [28 June] Arkadiy Volskiy, a member of the federal authorities delegation at the talks in Groznyy, said in an interview with NTV television that Basayev is in Pakistan. Volskiy referred to competent sources. Meanwhile, Tatyana Samoylets, representative of the external intelligence service, said she does not know anything about it. Grigoriy Karasin, the Russian Foreign Ministry's official spokesman, also refused to confirm the information about Basayev's hiding place in Pakistan.

Tatarstan's Mukhametshin Reviews Economic Results

954F2611A Kazan RESPUBLIKA TATARSTAN in Russian 22 Jun 95 pp 1-2

[Speech of F.Kh. Mukhametshin, prime minister of the Republic of Tatarstan, at plenary session of the State Council of the Republic of Tatarstan on 21 June 1995: "Results of the Socioeconomic Development of the Republic of Tatarstan in January-May 1995"]

[FBIS Translated Text] Esteemed President of the Republic! Esteemed People's Deputies!

Broad-based socioeconomic reforms have been under way in Tatarstan for more than three years now. All these years we have sought mechanisms of the stabilization of the economy and tackled the most urgent tasks on the paths of the transfer of the economy and its branches from a planned-distributive system to a market economy. This is a complex and long-term task. Evaluating the dynamics of macroeconomic processes in the republic as a whole, it may be said that the policy being pursued in Tatarstan has made it possible, despite the considerable decline in production, to preserve the high potential of economic reform and to secure a high degree of independence in the exercise of domestic and foreign economic activity.

Today the economy is characterized by a higher level of liberalization and a degree of openness. A strategic direction of the economic reform that is being pursued is the diversification of the structure of the economy in terms of forms of ownership. In the past year, the number of enterprises of the state form of ownership declined twofold, and of the mixed form, increased by a factor of 2.5. The proportion of private enterprises increased from 53 to 64 percent.

The system of financial institutions enjoyed a certain development. A stock market is being formed. A system of the circulation of securities headed by the Central Depositary has been created, and a system of brokerage shops and investment funds is operating in the republic. At the same time, the reforms in the economy are proving difficult. We have not yet managed to neutralize the factors impeding a steady and stable increase in economic activity and the growth of personal real monetary income, and the decline in the investment volume continues.

What are the main reasons for this? One of the principal ones, perhaps, is the fact that under the conditions of the structural distortions of the economic system, many branches of the national economy proved simply incapable of lowering production costs and blending in with the demand limitations, particularly under the conditions of such sharply growing competition. This is mainly characteristic of branches with a slow turnover of capital, what is more. We are talking about large and super-large enterprises, whose structure is made heavier not only by basic production, but also by a number of side, auxiliary processes.

The funds at our disposal for financing the large-scale structural reorganization of the economy are manifestly insufficient also. All this is making the emergence of the republic's economy from the slump more complex.

On the arduous path of economic reform the first five months of the current year occupy a special place, perhaps. For the first time as of late the economy has begun the year with reassuring results. The prerequisites for a stabilization of the economy have emerged.

Industrial production in January-May of the current year declined 1.9 percent compared with the corresponding period of last year, whereas in five months of last year the decline constituted 30 percent. In January the

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index of the physical volume constituted 92.9 percent, in February, 92.4 percent, in March, 99.4 percent, in April, 100.1 percent, and in May, 101 percent. As we can see, the dynamics are quite promising. The decline in industrial production has in the past two months been arrested, on the whole.

The production of oil has increased, as has the production of tires, polyethylene, and synthetic rubber, of 107 products altogether. Three thousand automobiles came off the main assembly line of the KamAZ stock company in May for the first time. A modest achievement, of course, but if it is considered that the manufacture of trucks in the last two years hovered around the 1,500 a month mark, the positive changes are evident. And we cannot fail to mention this. The credit of $150 million obtained by the KamAZ, which not only made it possible to square accounts as regards priority debts but also to increase the purchase of components, contributed to this to a large extent.

At the same time, on the other hand, the production of photographic film and magnetic tape, polymer film, and electrical machinery [word illegible] and electric power generation declined compared with the five months of 1994.

As far as the actual state of affairs in branches of the national economic complex of Tatarstan in the present year is concerned, it is characterized as follows. The product of fuel industry in January-May accounted for 24 percent of total production for the republic. A growth of the production of oil and gas is observed in this branch. This state of the fuel industry has had a positive effect on the situation in the chemical and petrochemical branch, which occupies the largest proportion in the industrial potential. Mention should be made as a positive factor of the fact that many enterprises of this branch are adapting to the market conditions, assimilating new types of product in steady demand on the domestic and foreign markets. These include the Nizhnekamskneftekhim, Nizhnekamskshina, and Kazanorgsintez stock companies.

Thus, the Nizhnekamskneftekhim stock company implemented specific measures for the structural reorganization of the enterprise and for the switch of uneconomical capacity to the manufacture of products in demand. As a result, the export volume in 1994 increased 30 percent and profits from foreign economic activity constituted more than 83 billion rubles [R], which was 4.8 times higher than the 1993 level.

In the present year the Nizhnekamskneftekhim stock company intends to increase commodity output by a further 34 percent and to obtain a profit of the order of R340 billion. It is planned to invest the principal proportion of the funds in reprofiling and the modernization of the plants. Realization of the project for the creation on the basis of the stock company of a complex for the heavy refinement of the oil (today we refine just 14 percent of its production volume), which will cater fully for the republic's need for motor and power-engineering types of fuel with improved environmental specifications, is of particular interest. The corresponding decision was adopted recently at a session of the Government of Tatarstan.

As we can see, the oil production enterprises, together with the chemical and petrochemical enterprises, have contributed to the slowing of the rate of decline in production. It is in these branches that the processes of the structural reorganization in industry are gathering momentum. They are gradually becoming distinctive "points of growth" in the republic, which, in turn, will subsequently contribute to the formation of "sectors" of growth and establish the prerequisites for the coming upturn of industry.

The Program of Extrica 'on of the Oil-Gas and Chemical Branches From Crisis is also contributing to the formation of "sectors" of growth of the economy. It incorporates a set of organizational and economic and industrial engineering measures, reform of the structure of management of the branches, and measures for their adaptation to the conditions of the formation of market relations with regard to foreign experience and the particular features of the republic's industrial and raw material structure. A set of measures specified by edicts of the president of the Republic of Tatarstan on the creation and efficient operation of the Tatneftekhiminvestkholding investment holding company corresponds to these goals.

A difficult situation has taken shape at machine-building enterprises. The branch includes enterprises of aviation, vehicle-manufacturing, shipbuilding, instrument-making, radio engineering, electronics, electrical engineering, and defense industry and metal working. It is here that more than half the employees in industry works. But its share of total industrial production does not today exceed 22 percent. Yet four years ago this indicator was twice as high.

The decline in production of enterprises of the defense branches is particularly pronounced. In the five months it amounted to approximately 23 percent. The largest decline in output has occurred at the Zavod imeni Sergo, Sviyaga, Zavod imeni Gorkiy, and KAPO imeni Gorbunov associations. A growth in output was secured by the Motor-Assembly (100.2 percent) and Helicopter (134.2 percent) joint- stock associations and the Clock Plant (108.3 percent).

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Against the background of the cutback in orders for military equipment for the defense enterprises (some of them simply have no orders for 1995) and the reduction in exports, the problem of the assimilation of new products becomes decisive in the system of measures to ensure survivability.

The most difficult situation has come about at enterprises of light industry. Whereas industrial production for Tatarstan in five months of the current year fell 1.9 percent, in light industry not simply a decline but a complete cave-in has been observed. In January-May 1995 light industry products to a sum total of R183.4 billion were manufactured, which constitutes 59.8 percent of the 1994 level. Approximately 40 percent of the branch's enterprises suffered a decline in production of more than 50 percent. There was a sharp deterioration in the operation of the Alsu, Kiyemner, Kamskiy trikotazh, and Spartak stock companies. There was a considerable decline in the production of children's goods. The production of children's leather footwear constituted only 53.7 percent, and stockings and hose, 77.4 percent, of the level achieved in 1994.

The president and the Government of Tatarstan are adopting specific measures to stabilize the work of enterprises of the industrial complex. For the creation of the necessary economic conditions for the resolution of problems of the structural reorganization of light industry and to secure a growth of output and to preserve jobs, the president of Tatarstan has issued the edict "On Certain Measures of State Support for Enterprises of Light Industry of the Republic of Tatarstan." The decree of the republic Cabinet of Ministers "On Supplementary Measures To Support Enterprises of Light Industry of the Republic of Tatarstan" was adopted for the realization of the former. Work is being performed in execution of these documents on a search for resources and the granting of soft loans for the purchase of raw material and intermediate products totaling R12.5 billion.

VAT has been lowered selectively on individual types of product in respect to the funds to be paid to the republic treasury. Soft loans are being allocated from republic resources for the realization of innovative and conversion projects. Debtor enterprises were accorded the opportunity of a tax amnesty, and they were able to economize on penalties and fines that were to have been paid for late tax payments and payments to off-budget funds, provided that they made the payments past due before 1 April 1995.

Problems of a stabilization of the operation of the machine-building complex, including the defense enterprises, were considered in detail at a joint meeting with the participation of Oleg Soskovets, first deputy chairman of the Government of the Russian Federation, conducted by President M.Sh. Shaymiyev on 24 May of this year. At the present time the Cabinet of Ministers of Tatarstan and enterprise managers are performing intensive work with the Government of the Russian Federation on realization of the decisions that were formulated.

The republic's agro-industrial complex requires particular attention. This is all the more necessary inasmuch as the state of affairs in this sector of the economy is causing great concern on account of the weather conditions.

We performed the spring sowing in organized fashion, on the whole. We even sowed more grain and leguminous crops, including food wheat, than last year. Rapeseed (50,000 hectares), sunflower (12,000 hectares), corn for grain (40,000 hectares), and sugar beet (46,000 hectares) were sown in the planned amounts. The tending of the sowings has been organized pretty well in the majority of rayons.

A number of specific measures was adopted and implemented to obtain a good harvest of agricultural crops (no lower than last year's). The government allocated $33 million for purchases of mineral fertilizer, which were applied to the current year's harvest in opportune fashion.

All farms were supplied with fuel and lubricants thanks to the allocation to the Ministry of Agriculture and Food of 200,000 tonnes of oil. Commodity credit amounting to R410 billion was allocated against the future harvest for ensuring fuel and lubricants for the harvesting operations. Decisions in support of the timely procurement of fodder and the gathering in of this year's harvest were adopted.

Considering the arid nature of the present year, many rayons are adopting measures for the irrigation of the fodder crops and vegetable plantations. This work has been well organized in Cheremshanskiy, Sabinskiy, Kukmorskiy, Laishevskiy, and a number of other rayons. At the same time, on the other hand, only 4 percent of irrigable land has been watered in Novoshemshinskiy Rayon, 15 percent in Agryzskiy, 31 percent in Aksubayevskiy, 33 percent in Menzelinskiy, and 34 percent in Chistopolskiy. Such an attitude is impermissible in the current situation. In order to pass the test of the 1995 weather conditions, we need high organization, observance of techniques, and daily purposive work.

Briefly about the state of affairs in animal husbandry. In the five months of this year, the production of the

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main types of agricultural product declined somewhat: of milk, by 10 percent, livestock and poultry, 21 percent, and eggs, 9 percent. And although these indicators are lower than in the Russian Federation as a whole, there are no grounds for complacency, nor can there be. The uninterrupted supply to the public of agricultural products is a political problem. And there can be no other approach here. This is why in the current year also we have channeled more than 20 percent of budget appropriations into the agro-industrial complex.

There are problems in respect to the procurement of products for the state's resources. There has been a decline compared with last year's level in procurements of milk of 19 percent (in Russia as a whole—20 percent), livestock and poultry, of 26 percent (for the Russian Federation—30 percent), and eggs, of 16 percent.

There was a particularly large reduction in the sale to the state of milk by farms of Aksubayevskiy, Tukayevskiy, Almetyevskiy, Novosheshminskiy, and Chistopolskiy Rayons, and of livestock and poultry meat by farms of Mendeleyevskiy, Drozhzhanovskiy, Leninogorskiy, Rybnoslobodskiy, and Spasskiy Rayons.

The main reasons for the decline in the volume of procurement of animal husbandry products for state resources are the reduction in the head of livestock (of cattle by 4 percent, hogs, 11 percent, and sheep, 24 percent) and the diminution in productivity.

To stabilize animal husbandry production and support the rural commodity producers, the government has raised purchase prices, and payment for the volumes of the agricultural product contracting is guaranteed.

We are currently in one of the most critical periods in agriculture—that of fodder procurement. The harvesting of perennial grasses is practically complete at this time. Approximately 250,000 tonnes of hay, 200,000 tonnes of haylage, and approximately 14,000 tonnes of brush fodder have been procured, and more than 11,000 tonnes of vitamin-grass meal have been produced. The quality of the fodder is everywhere higher than in past years.

More than 10,000 tonnes of hay have been procured by the farms of Mamadyshskiy, Kukmorskiy, and Vysokogorskiy Rayons. This work is being performed in organized fashion also by the farms of Aktanyshkiy, Baltasinskiy, Lanshevskiy, Pestrechinskiy, Tukayevskiy, and a number of other rayons.

Productive use is being made of the vitamin-grass meal units on the farms of Aktanyshskiy, Almetyevskiy, Tukayevskiy, Menzelinskiy, and Lanshevskiy Rayons. The farms of Rybnoslobodskiy and Mamadyshskiy Rayons have laid in 12,000-18,000 tonnes of haylage each.

The state of affairs in the agro-industrial complex of Tatarstan is causing justified alarm and concern. It is clear today, even, that the planned harvest will not be collected. The question of a fodder reserve is becoming increasingly complex, and all this is, consequently, taking a direct toll on the productivity of animal husbandry also. The mobilization of all forces and resources for the procurement of fodder, coordinated harvesting work, and the more economical expenditure of all food and fodder stocks of the republic is required. The mobilization of all financial resources for the purchase of the deficient quantity of grain, particularly wheat for bread-baking, will undoubtedly be necessary. We will, possibly, have to abandon the realization of some scheduled projects.

The government is keeping these matters under unremitting supervision. They will in the next few days be discussed at a meeting with the administration heads and agro-industrial complex specialists with the participation of the president of the Republic of Tatarstan.

Capital construction. R1.21 trillion of capital investments from all sources of financing were assimilated in the republic in the past five months, which constitutes 102 percent of the corresponding level of the past year. The bulk of the capital investments—R787.3 billion, or 65.1 percent—was channeled into industrial construction.

Clients subject to the jurisdiction of the Cabinet of Ministers (excluding the Yelabug Auto Works and the tanker fleet) assimilated in the five months R175 billion, or 26 percent of the annual program. At the same time, funds in the cities and rayons are being assimilated extremely unevenly. Thus, more than 50 percent of the annual program has already been assimilated in Aznakayev and Almetyevsk, more than 40 percent in Leninogorsk and Tukayevskiy Rayon, and 35 percent in Kazan and Apastovskiy Rayon. At the same time, on the other hand, the assimilation constitutes less than 10 percent in 20 cities and rayons of the republic.

Some 38,400 square meters of housing, which is almost seven times more than in the same period of last year, have been commissioned from budget resources. Some 150,000 square meters of housing, or 1.6 times more than in the corresponding period of the past year, have been introduced in the republic from all sources of funding as a whole.

The Cabinet of Ministers held a republic conference devoted to an analysis of the state of affairs and the formulation of mechanisms of the surmounting of the

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crisis phenomena in this most important branch of the economy, and the basic principles of investment policy were determined. A decree on the issue of a 1995 housing loan totaling R100 billion was adopted by the government on the basis of the edict of the president of Tatarstan as a most important measure of a solution of the problems of housing construction. Its main purpose is the speediest conversion of the housing sphere into a highly efficient sector of the economy, the attraction of off-budget sources of financing into housing construction, and increased demand for the product of construction industry and building materials. The drafting of all the requisite normative documents has been completed at this time. The sale of housing bonds will begin in the next few days. We believe that the program of housing construction for 1995 will be overfulfilled.

The state of affairs in the economy is reflected most graphically through the prism of the consumer market. And is characterized primarily in the present situation by the supplanting of domestic by imported commodities and also the growth of private trade.

In January-May of the current year, the public was sold consumer goods via all sale channels to a total of R2.9052 trillion, which in actual prices was 2.5 times more than in the corresponding period of the past year. The share of the private sector (including the consumer cooperatives) in retail commodity turnover constitutes 22.8 percent, the public sector, 50.2 percent, and other nonstate forms of property, 26.9 percent (21.5 percent, 57.7 percent, and 20.8 percent respectively in 1994).

There has come to be an appreciable change as of late in the macro-structure of retail commodity turnover. The proportion of food commodities has increased from 55 percent in 1993 to 64.3 percent in the current year, and that of nonfood commodities has declined from 45 to 35.7 percent.

Commodity turnover of foodstuffs in January-May of the current year constituted R1.2892 trillion, which was 2.6 times more than last year. The population of the republic purchased in January-May of the current year R714.4 billion of nonfood commodities (in terms of officially tracked enterprises), which in actual prices was twice as much as in the corresponding period of last year, but in actual bulk, 16.6 percent less. It is essential to bear in mind also that the nonstate sector of the economy broadened considerably the possibilities of satisfaction of requirements. This will be a growing trend.

It is noticeable that a trend of a gradual decline in the consolidated consumer price index, which in May constituted 105.7 percent of the previous month (compared with 116.1 percent this January), may be traced on the consumer market. The industrial producer price index here constituted 114.1 percent compared with 119.4 percent in January of the current year.

In May of the current year per capita monetary income amounted to R295,800. The average pay computed for employees in April 1995 came to R347,800 and had increased compared with April of last year by a factor of 2.4, and compared with March of the current year, by 8.4 percent.

Speaking of pay, I have to touch on the question of the timeliness of its disbursement. This matter demands increased attention. To clear the arrears past due, the government has adopted a number of measures aimed at putting the disbursement of wages in order. The decision to channel up to 30 percent of the resources paid into enterprise settlement accounts into the disbursement of wages, and for enterprises of the defense complex, up to 50 percent, including the replenishment of working assets, has been extended in the current year.

In accordance with a decision of the republic government, R30 billion of soft loans have been granted for the payment of stale wage arrears to employees of defense industry, R30 billion for advance payments on the purchase of grain of the 1995 harvest, and R12.5 billion for settlements with milk deliverers, with the said funds being channeled also into the payment of overdue wage arrears to employees of the agro-industrial complex.

Today we are working persistently on the final clearance of the wage arrears for May for employees of institutions and organizations on the public payroll. We have embarked on the payment of vacation pay for employees of public education.

The measures that were adopted made it possible to reduce in May the proportion of stale debt in overall labor compensation compared with April of the current year by almost [figure illegible] percent. But as of the present it remains significant and constituted as of 1 June at enterprises and organizations of industry, construction, agriculture, and transport R180.2 billion. The government will continue to keep a special watch on this matter, therefore.

The numbers of registered unemployed in the republic constitute 20,800 persons, this being 1.17 percent of the total number of persons in employment (in Russia—2.2 million and 2.8 percent respectively).

The cost of a basket of 19 basic foodstuffs at the end of May on a monthly basis (counting the kolkhoz market) constituted for the republic R142,700 (in Kazan, R138,600). For comparison: This indicator constituted on average for Russia R180,600; in Moscow, R218,400;

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St. Petersburg, R193,900; Samara, R176,400; and in Ufa, R148,300. The average wage in April of the current year for the republic as a whole ensured 1.9 times the subsistence level, whereas in Russia as a whole this indicator constituted 1.5 times the subsistence level.

To maintain the living standard of the population, particularly its needy strata, the Government of the Republic of Tatarstan twice within five months of the current year made changes to the Program of Targeted Social Protection of the Population. Thus, in particular, on 6 June the Cabinet of Ministers adopted Decree 344, in accordance with which the amounts of the social norms to be used when determining allowances in the form of food stamps to families with children and other needy categories of the population were increased by 50 percent, on average. Some 288,000 persons received in April compensation in the form of food stamps totaling R6.7639 billion.

In addition, to support families with children attending preschool, a decree of the Cabinet of Ministers of 1 June of the current year set the amount of the parental charge for supporting children in day-care institutions at 10 percent of the overall rate of costs (this earlier had been 20 percent).

As we said earlier, a process of the conversion of state-owned property continues quite actively in the republic. Some 790 enterprises with a total charter capital of more than R726 billion have already been privatized, including 37 enterprises in 1995. The charter capital is distributed as follows: 43.4 percent constitutes the share of the work force; investment funds and exchanges constitute 15 percent; the state share of the property constitutes 41.6 percent.

A most important task confronting the government and the authorities locally is the efficient management of state and municipal property, including the large blocks of shares in public ownership. To this end, we have embarked on the creation of the institution of representatives of the state on the boards of directors of the stock companies. An example of this is the edict of the president of the Republic of Tatarstan on the Tatneftekhiminvestkholding investment holding company.

The check privatization stage is being completed at this time. For investment privatization vouchers the population of the republic has been offered shares of the best profitable stock companies at par. The next phase—the stage of monetary privatization and Tatarstan's gradual entry into the general Russian field of privatization and the stock market—will ensue as of 1 August.

On the threshold of the new stage of privatization, the task of personification of the forms of ownership requires the speediest resolution. It is essential, following the example of a number of regions, to introduce more boldly in commerce real estate, including parcels of land, having preliminarily transferred it to collective or private ownership. We can no longer continue to put up with the fact that a large quantity of buildings, production and warehouse premises, and semi-demolished homes figure on the books of the local authorities.

The main thing is to overcome the no-man's nature of property as quickly as possible. To find for each form thereof, state included, an involved and responsible owner. Having done this, we will have resolved the problem of the influx of large-scale investments in production. And we have such potential investors: investment funds, holding companies, banks, and enterprises with funds in their accounts. Substantial savings have accumulated among the public also. It is sufficient to say that compared with last year they have increased 37 percent and now constitute more than R680 billion. But for realization of the said potential, fundamental changes in legislation are needed. This applies primarily to the specification and regulation of property rights. For it is perfectly obvious that a serious investor may be attracted only by an object of full- blooded ownership—with land and real estate. In addition, the efficient mortgage, guarantee, and insurance formats essential for large-scale investment programs and projects are in need of dependable legal backing today more than ever.

Concerning administration of the republic budget. As of mid-June, R933 billion in revenue had been paid into republic coffers. Some R1.5 trillion, which constitutes 102.6 percent of the forecast, are anticipated in the first six months. The rate of growth of revenue compared with the corresponding period of last year has constituted a factor of 3.5.

Execution of the budget could have been appreciably less had we not undertaken clearing settlements and had bills of exchange not been in use. In the five months alone, R187 billion of such transactions, or 20 percent of actual revenue, were undertaken. The bills and clearing settlements were undertaken mainly to support agriculture, where the sum total of such transactions constituted R164 billion or 87 percent of bill and clearing-settlement transactions.

At the same time, I would recall that the budget was adopted with a deficit, which in the first six months, despite the measures adopted by the government, was not overcome. The amount of the budget deficit was determined for the first six months at R200 billion. For

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this reason, the funding of a number of measures and projects was postponed until the third quarter of the current year.

An objective cause of our not having covered the budget deficit is undoubtedly the crisis of nonpayments, where there is potential budget revenue constituting more than R1 trillion.

The number of unprofitable enterprises is significant. Some 31.5 percent of the enterprises of the republic ended January-April 1995 with a loss: The sum total of the loss amounted to approximately R124 billion. Light industry accounts for the largest proportion of loss-making enterprises, 45.6 percent, supply and sales, 42.3 percent, nonproduction types of consumer service, 37.5 percent, and transport, 36.7 percent.

The excess of a number of enterprises' accounts payable over their accounts receivable persists.

The strained budget revenue situation complicated the financing of the planned expenditure, which was undertaken within the limits of actual revenue and borrowed funds.

It was necessary under these conditions to seriously streamline the process of the budget funding of expenditure and activities on the principles of expenditure being kept strictly within the limits of available sources and of a real priority approach. The government is financing activities without which the normal operation of vitally important branches of the economy and the social protection of the population are impossible. The main attention is being paid to questions of the timeliness of the disbursement of pay.

Considerable attention is being paid to problems of the local budgets, into which in five and a half months more than R210 billion, or 110 percent of the plan for six months, were channeled. Steps were taken to allocate resources on a priority basis for the purchase of grain and food (R42 billion), and this amount will in connection with the conditions, unfavorable for agriculture, undoubtedly grow.

On the whole, the government is conducting the budget expenditure process within the framework and in the proportions determined by the 1995 Budget Act.

The extent of the provision of credit for the republic's economy constituted as of 1 June of the current year R1.4879 trillion. Short-term lending constitutes the main proportion of the total credit provision (86.4 percent). Arrears on bank loans past due constituted for the same period R104.9 billion, which is approximately 7 percent of the sum total of debt.

In accordance with the decree of the Government of the Russian Federation of 10 March 1995, a sum total of credit of R178.8 billion and interest on it of R382.7 billion were written off to the public debt for enterprises of the agro-industrial complex in June of the current year.

It is here that one further problem, on which I cannot fail to focus your attention, arises—the use of credit resources. The limited nature of budget funds and credit resources demands that we continue to pursue quite a tight monetary policy. Channel funds into the stimulation predominantly of potentially competitive enterprises and vitally necessary processes and branches. For this reason, money will be allocated, as a general rule, against a guaranteed result, on a strictly targeted basis, and for a limited period of time. There are many such projects, particularly in the sphere of the processing of agricultural products. The government will support and finance them on the basis of rapid cost recovery.

As far as the bigger and longer-term investment projects are concerned, we need to move more actively toward the creation of financial and industrial groups with the direct participation of bank capital and private foreign investments. Seeing that we have a law on foreign investments and tax privileges.

Although the data adduced on a number of branches of the economy are reassuring, it should be said that some improvement has been achieved thanks to factors of local effect of more of a market-situation nature, not as a result of in-depth structural changes in the economy. The situation that has taken shape in the republic's national economy dictates the need for a strengthening in the economy of state principles. And we are undoubtedly not talking about the restoration of controllability in its old sense, when each step was regulated from one command body. But under the present conditions, tight supervision of the cash flow, state regulation of certain prices and tariffs, foreign trade, and the movement of currency resources, and control of the creation and precise realization of mechanisms of the long-term investment of capital and the implementation of structural policy are essential. We cannot allow ourselves the luxury of letting the main economic proportions be lost to the state's field of influence.

Considering what has been said, I shall note merely that government policy in the sphere of pricing in the current year will consist of the application of unrestricted market prices and rates linked with the development of competition and enterprise. This approach presupposes the regulation of prices and rates in power engineering, on transport, and in municipal and individual communi-

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cations services. It is forecast that the proportion of controlled prices in the cost of the aggregate social product and services will be reduced considerably. But under no circumstances here will we overstep the boundary beyond which undesirable consequences both for the economy itself and for the population could eventuate.

At the present time, the State Committee for Economics and Forecasting has in conjunction with the ministries and departments of the republic concerned, as commissioned by the Government of the Republic of Tatarstan, drafted a plan of action (project) for the implementation of economic transformations and the stabilization of the economic situation of our republic in 1995-1997, and the draft decree of the Cabinet of Ministers "On Measures To Implement Economic Transformations and Stabilize the Economic Situation of the Republic of Tatarstan in 1995-1997" has been adopted.

For the formation of the strategy of extrication of the economy from the state of crisis, the Government of Tatarstan embarked last year even on the drafting of the Program of Stabilization of the Economy of the Republic of Tatarstan and Socioeconomic Progress. Today, even, under conditions where the decline in industrial production in particular branches still constitutes up to 20 percent and more, we are setting the task not only of stabilization but of the preparation of a program of progress. But it has to be acknowledged self-critically that the government has dragged out the preparation of this program somewhat. But now the work on it is approaching completion. The majority of sections are ready. And it will in the very near future be presented for final discussion to the government, and then, submitted to the State Council.

In addition, the republic has at this time a number of promising projects that are not only of regional but also federal significance. The government is currently working actively to realize them. They include the following most important projects:

—completion of the construction of the Yelabug Auto Works, where with the support of the Government of the Russian Federation we are close to the conclusion of a contract for the creation of a joint venture with the American General Motors company and also the organization of the production of beet-harvesting combines in conjunction with the French MORO firm;

—reconstruction of the plants, the biggest in Europe, of the chemical and petrochemical enterprises located in Tatarstan and producing dozens of sorely needed chemical products. We are talking about the Nizhnekamskneftekhim, Organicheskiy sintez, and the Novomendeleyevskiy chemical plant and the organization of the production for domestic film-making of color film;

—restoration and modernization of the capacity of the KamAZ stock company;

—creation of a river-sea class tanker fleet within the framework of the federal program for the revival of the Russian merchant fleet;

—reconstruction of the Kazan airport;

—construction of a pavement bridge across the River Kama;

—a very promising project is connected with the construction in the vicinity of Kazan of a logistics center—an international transshipment depot for distribution and consignment and the servicing of foreign economic activity for regions with a population of over 80 million persons. That is, this project will affect the interests not only of the Volga regions but of more than half of Russia. The undoubted efficiency of the project is bolstered by calculations in which both our specialists and those of EEC countries participated. There are other projects also.

As you can see, there is definite work in progress in the activity of the government. The main task now is the speediest stabilization of all spheres of social life and, primarily, the economy. We are finding reserves here at home and seeking ways to attract foreign investments. Tatarstan is developing its own model of extrication of the economy from crisis. There is an incalculable number of problems and difficulties on this path. But we have the conviction that our republic will emerge from this difficult time somewhat sooner, possibly, than particular regions and the Russian Federation as a whole. The government is oriented toward the accomplishment of these tasks.

Economic Issues

Central Bank Telegram Merely 'Technical Measure'

MM2906151095 Moscow IZVESTIYA (Financial Section)in Russian 29 Jun 95 p i

[Report by Yevgeniy Vasilchuk: "Central Bank Carries Out Cash Revision"]

[FBIS Translated Text] Central Bank Telegram No. 5090 on certain measures to regulate cash circulation, which alarmed the whole cash world on 23 June, is by all accounts merely a Central Bank technical measure. Mainly, its goal is to "revise" the structure of the banknote system of the cash supply. Judging from certain data, from the moment existing banknotes

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came into circulation, certain discrepancies appeared in the cash-in-circulation statistics collected by the Central Bank, associated with the disappearance into the black market of a large number of high-denomination bills — mainly 50,000-ruble [R] bills. It is also necessary to withdraw smaller, worn-out bills from circulation.

The fears of some financiers, and the population, regarding a monetary reform being prepared or recommended by the Central Bank are groundless because a R100,000 bill has just been put into circulation, and the technical costs of this are considerable.

From the viewpoint of creating macroeconomic demand restrictions, the effect of this Central Bank measure is quite minimal.

Central Bank Allays Fears of Imminent Money Reform

MM2906121595 Moscow IZVESTIYA in Russian 29 Jun 95 pp 1, 2

[Report by Ivan Zhagel: "Central Bank Telegram Causes Panic Among Commercial Banks"]

[FBIS Translated Text] The beginning of this week was marked by fast-growing panic among commercial banks, generated by the Central Bank's telegram number 5090.

It said that to reduce the cash in circulation as far as possible, banks must adopt efficient measures to collect this cash from all organizations as comprehensively as possible. For their part, cash offices are obliged to organize the unhindered receipt of money from banks. Finally, all banking structures have been instructed to ensure by 30 June that the balance of paper money has been completely transferred from circulating funds to reserve funds.

Immediately, a rumor spread through the commercial banks to the effect that the cash is being collected for some hidden purpose and that monetary reform at the very least is scheduled for the beginning of next month. The fact that "urgent" and "confidential" were marked on the telegram caused added concern.

However, when I got in touch with the leadership of the Central Bank's department for the regulation of money in circulation, I was told that the sensational telegram is of an utterly routine nature and came into being for objective reasons, that is to say, the abnormal increase of the money in circulation, and also because certain trade enterprises have stopped surrendering cash altogether. Furthermore, the telegram did not just suddenly come into existence — it amplifies previous edicts of the president and government resolutions on this issue.

For his part, Vyacheslav Zakharov, vice president of the Association of Russian Banks, told me that the Association of Russian Banks met with Central Bank Acting Chairman Tatyana Paramonova at the beginning of the week, and the question of the ill-fated telegram was broached. T. Paramonova also confirmed that the measures taken by the Central Bank are aimed only at reducing the abnormal amount of cash in circulation.

V. Zakharov added that he deems this explanation to be entirely likely and that similar work had also been done when he himself was deputy chairman of the Central Bank. The fact that the measures are timed to 30 June can also be attributed to the fact that the quarter and the first half of the year are ending and it is in the central Bank's interests to bring all the indicators in the monetary system into a more decent state. Admittedly, V. Zakharov made the reservation that "anything is possible in our times."

You can understand the professional's caution, but the nervous state of commercial banks, which can now be intimidated with an innocent telegram, is entirely explicable. They have had to undergo so many experiments. In this connection, it is unclear why the Central Bank did not dispel the doubts with some kind of open comment. Incidentally we know that it was suggested to Arnold Voylukov, first deputy chairman of the Central Bank, who signed the telegram, that he should also sign a press release clarifying everything, but he refused to do this.

There is nothing that this stance can be attributed to except superciliousness on the part of the Central Bank's leadership. The professionals there obviously consider it to be beneath their dignity to react to the concerns of commercial banks, and particularly the concerns of ordinary people. Or maybe Mr. Voylukov is hiding something?

Central Bank Gains From Ruble Devaluation Rumor

MM2906160195 Moscow IZVESTIYA in Russian 30 Jun 95 p 2

[Report by Ivan Zhagel: "Rumors About Monetary Reform Denied by Everyone Except Central Bank Leadership"]

[FBIS Translated Excerpt] In the last issue of our newspaper, we told of the panic which broke out in connection with a telegram from the Central Bank obliging all banking organizations to carry out the maximum possible collection of money in cash form by 30 June. Rumors immediately spread about a possible monetary reform and about an impending ruble devaluation as from

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the first day of next month. And what is most interesting, this has not been denied at all by the Central Bank's leadership.

True, Aleksandr Livshits, assistant to the president for economic issues, made a statement from which it followed that there would be no monetary reform, and that the Central Bank's telegram was caused merely by an abnormally large circulation of cash rubles. [passage omitted]

Let me recall that the Central Bank telegram which caused the panic was accompanied by the stamp "urgent" and "confidential" but was nevertheless immediately passed on by all the mass media channels. The impression forms that the leak was specially engineered and that the Central Bank had an interest in this.

What did it need this? Well, if only to halt the massive dumping of hard currency by the populace and the fall in the dollar rate of exchange which is dangerous to our economy. According to available information, the Central Bank is already short of cash rubles to cover the growing demand for these. In this situation the ready panic which in our country always goes hand in glove with a fondness for foreign currency would only benefit the Central Bank. It is precisely for this reason that it is in no hurry to issue disclaimers.

Poll Highlights Views on Dollar Exchange Rate

MM2906155595 Moscow IZVESTIYA in Russian 29 Jun 95 p 1

[ITAR-TASS report: "Who Is Interested in the Rise of the Dollar?"]

[FBIS Translated Text] A Russia-wide poll conducted by the "Public Opinion" foundation found that one in ten participants is interested in an increase in the exchange rate of the U.S. dollar. At the same time, 29 percent of those polled are interested in a fall in the dollar rate. Sociologists note that the higher the monthly income of a respondent, the more likely they are to be interested in an increasing dollar rate. People with a higher education are supporters of a stable dollar rate more often than others. Those interested in an increasing rate are mainly entrepreneurs (35 percent), servicemen (24 percent), and students, ITAR-TASS reports.

Restrictions Holding in Securities Market

MK2906122095 Moscow SEGODNYA in Russian 29 Jun 95 p 1

[AFI report: "The Finance Ministry Does Not Intend To Open the State Short-Term Bond Market for Nonresident Companies"]

[FBIS Translated Text] Russian Federation Finance Minister Vladimir Panskov has said that the Finance Ministry is not going to cancel measures restricting the participation of nonresident companies in the state short-term bond market to 10 percent. In his words, "before the securities market is completely opened for foreign companies, it needs to be strengthened, and some liabilities with a longer period of repayment, profitable for the Russian finance agency, have to be issued." "When this market gets sufficiently mature, it would be reasonable to remove all of the restrictions on the participation of nonresident companies in this market," Mr. Panskov said.

Inflation Figures for 13-19 Jun Reported

MM2906110895 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 28 Jun 95 p 2

[Report based on materials of the Price Analysis and Prediction Administration of Economic Performance Center under the Russian Federation Government: "Prices for the Week 13-19 June. Inflation Fell, Food Prices Rose"]

[FBIS Translated Text] The general inflation index stood at 101.2 percent for the week, 104.3 percent for the period since the beginning of the month, and 174 percent since the beginning of the year. The average cost of the basket of 19 most important foodstuffs, calculated for the month, stood at 192,000 rubles — 2.1 percent more than the previous week.

A gradual lowering of the weekly rate of inflation is to be observed during this month. Its level for the period of 13-19 June was the lowest this year and stood at 1.2 percent. Breaking the tradition that had recently become established, the price of foodstuffs raised the highest during the past week — by 1.5 percent. The prices of nonfood commodities and paid services increased by 0.8 and 0.9 percent respectively.

The seasonal increase in the prices of fruits and vegetables during the past week was, on the whole, equal to 4.4 percent, including an increase of 6 percent in the price of potatoes, 6.6 percent for vegetables, and 1.5 percent for fruit. In addition, the seasonal factor accounts for the change in the prices of Russian beer (4 percent) and ice cream (3.3 percent). Among other monitored types

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of foodstuffs, we should note the upward tendency that has become apparent in the prices of sugar, which increased 2.4 percent during the past week. At the same time, the price of milk, dairy products, cheese, butter, and margarine hardly increased when compared with the previous week.

The prices of nonfood commodities continue to grow more slowly than those of foodstuffs and paid services for the population.

Among the economic regions of Russia, nonfood commodities have gone up the most in price in the North Caucasus region (by 1.3 percent) and the least in the Northwest region (by 0.6 percent).

Last week the rate of growth in the prices and tariffs for paid services to the population slowed somewhat. Since the beginning of the year, however, the increase in these prices, which amounts to 120 percent, has greatly exceeded the change in the prices of consumer goods. Among the monitored kinds of services, the most significant increase was in the price of liquid gas — by 6.7 percent. The cost of airline tickets increased 2.6 percent, and the cost of individual consumer services, motor ship excursions, and travel passes to rest homes and sanatoriums increased 1.6-2 percent.

Unemployment Likened to 'American Great Depression'

MM2906131795 Moscow KOMSOMOLSKAYA PRAVDA in Russian 29 Jun 95 p 1

[Report by Yelena Arakelyan and Aleksandr Kalinin: "Without a Labor Exchange You Cannot Even Take Fish Out of a Pond"]

[FBIS Translated Text] Almost 65 years ago, at the end of 1930, unemployment was eliminated in the USSR and the last labor exchange was closed. Four years ago, on 1 July 1991, official registration of the unemployed began again in Russia, and labor exchanges opened in Moscow and other cities.

This might not be a jubilee, but it is, at any rate, a notable date — and a sad one. By capitalist standards, we do not have many official unemployed, people registered with the employment service — 2 million, or 2.7 percent of the potential labor force. The real level of unemployment is far higher, and, according to the State Committee for Statistics, is 7.7 percent. There are even more "hidden" unemployed. At large and medium-sized enterprises alone, 2.2 million people are currently working less than a full week, while 2.5 million are on so-called enforced leave. Taking them into account, the total figure for the unemployed is estimated at over 14 percent, and some specialists even speak of 20 percent, which is not far behind the figures for the American Great Depression.

The level of unemployment in Moscow is considerably lower than it is for Russia as a whole. The leader is Ivanovo Oblast, where there are 112 (!) contenders for every vacancy. The situation is grave in Pskov and Novgorod Oblasts, Dagestan, Ingushetia, and the Koryak, Komi-Permyats, and Nenets autonomous okrugs.

Real Incomes Continue To Fall, Prices Rise

LD2906105595 Moscow ITAR-TASS in English 0944 GMT 29 Jun 95

[By Liliya Kuznetsova]

[FBIS Transcribed Text] MOSCOW, June 29 (ITAR-TASS) — Despite all attempts of the Russian government to ease the situation in the social and labour area, real monetary incomes and wages continue to fall in Russia.

Monetary incomes in Russia as a whole dropped by five per cent over five months of the current year as compared with the corresponding period in 1994, according to the information of the Russian Ministry of Labour. Real wages per worker dropped by 29 per cent.

From the beginning of the year price increases were ahead of income growth. Consumer prices over that period increased by 3.19 times, while prices of food products and essential services, including in the minimum subsistance level increased even more, by 3.26 times. The average per capita monetary income now amounting to 489 thousand roubles grew by only 3.04 times, the average wages (430 thousand roubles) grew 2.34 times, the average pension (187 thousand roubles) increased 2.67 times.

The dynamics of consumer prices of food products and services remain extremely unfavourable. According to the information of the analytical centre of the Russian Ministry of Labour, the expenditures for necessities, staple food products, payment for communal services and fare for urban transport consumed nearly 50 per cent of a family's income in April, 1995.

Zaveryukha Hopes Grain Harvest Will Meet Needs

LD2806222495 Moscow ITAR-TASS in English 1845 GMT 28 Jun 95

[By Irina Shchegoleva]

[FBIS Transcribed Text] SOCHI, June 28 (ITAR-TASS) — Russia hopes to bring in a grain harvest this year that will suffice to provide enough food and fodder grain

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to meet the country's needs, Vice-Premier Aleksandr Zaveryukha declared today.

The vacationing Vice-Premier was speaking at a ceremony of laying the key stone in the foundation of a new wholesale market building in the centre of this resort city.

Asked by ITAR-TASS whether the current heatwave is likely to affect the crops in the country, Zaveryukha replied; "Of course, it will. But Russia is vast, and we have done everything possible to ensure a good harvest: we sowed more wheat, more sunflower seeds, and more other grain crops."

Climatic conditions have always been very difficult for farming, but "the whole system of land farming has been able to adjust," Zaveryukha said.

Last year, for example, the harvest was good in the Volga region, it was somewhat worse in the Northern Caucasus, the Rostov region, and in the Krasnodar and Stavropol territories.

This year, judging from everything, one should not expect good crops in the Southern Urals, but the conditions are fine in Western Siberia, the Altay territory, and in the Novosibirsk and Omsk regions. "Anyway, we shall certainly harvest between 75 mln [million] tonnes and 80 mln tonnes of grain," the Vice-Premier stressed. It will be the fourth year in a row that Russia will do with its own grain. "Moreover, we have already sold three million tonnes of grain to other Commonwealth countries and 1.5 million tonnes to countries farther afield. Russia will gradually return to the path which its history and its geographical position dictate."

Asked by local journalists about his attitude to the government crisis, Zaveryukha expressed the hope that the crisis would be fully settled during the vote on confidence in the State Duma on July 1.

He stressed that neither the resignation of the government nor the dissolution of the Duma is desirable in the present situation because either would destabilise the country. "Deputies in the agrarian faction will vote in favour of confidence in the government," Zaveryukha said.

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International Affairs

Kuchma Visit to Uzbekistan Reviewed

WS2906122995 Kiev UKRAYINA MOLODA in Ukrainian 23 Jun 95 p 3

[Article by Dmytro Lykhoviy: "The Road From the Heart of Europe to the Heart of Asia Does Not Actually Proceed Through Russia's Stomach. Ukraine and Uzbekistan Stand Arm-in-Arm, and Not Only Because Their Names Begin With 'U'"]

[FBIS Translated Excerpt] **Thanks to President Kuchma's distaste for staying at home, Ukraine's foreign policy over the last six months resembles the following words from Bulat Okudzhava's song: "Let us hold hands, friends, so that we do not perish alone." The Ukrainian presidential plane spins its increasingly stronger threads of friendship between Kiev and capitals of countries which are friendly to us and deserve Kiev's hand, as the hand of the capital of independent Ukraine with aspirations for impressive future power. In this regard, if not a host-country's 100-percent capability of working for our and its own economy, than (this is also important) its capabilities of lobbying for Ukraine's interests in all possible arenas are particularly important. Perhaps, by not having enemies according to its military and other doctrines, though dividing friends into essentially different sorts, Ukraine is trying to make its good and close friends even better and closer.**

The 20-21 June visit by Leonid Kuchma to the Republic of Uzbekistan can be easily related to the latter category. As known, the descendants of Great Tamerlane are also Ukraine's strategic partners. Moreover, judging by the most sincere confessions by old friends Kuchma and [Uzbek President] Karimov, there is much more confidence and joint prospects among Uzbeks, who are tired of sun, and Ukrainians, who are exhausted by Russian ambitions, than the reality of the statements on strategic partnership between Moscow and Kiev voiced in Sochi. Although to the question as to what was the main goal of Leonid Kuchma's trip to Tashkent — gas, cotton, gold, cooperation in aviation, or something else — the Ukrainian president could have provided a typical answer, he responded sincerely and simply: "Islam Abduganiyovich [Karimov] and I are like-minded people, and we need to exchange experience. After all, Uzbekistan is Ukraine's strategic partner."

Islam and Leonid

How did Presidents Islam Karimov and Leonid Kuchma became "old friends?" Although I have not managed to find an unequivocal answer to this question, it is known that, in addition to the 19-21 February 1993 visit to Tashkent by Kuchma and the 10-11 November 1994 visit to Kiev by Karimov, Leonid and Islam had opportunities to meet with one another earlier: In the 1960's, when Leonid Danylovych was designing aircraft at the Dnipropetrovsk-based "Pivdenne" design bureau, Islam Abduganiyovich was assembling planes at the Tashkent-based Chkalov aviation company. Despite the fact that this version of their contacts has not been confirmed, the presidents treat one another with exceptional friendliness and respect. According to Mr. Kuchma, he "highly respects Islam Abduganiyovich as a personality and politician, with whom I have established a very warm relationship." It is worth noting that these facts are very important in relations between Ukraine and Uzbekistan, as states: Relations between the presidents are as good as relations between their states (Kuchma's remark). And this contributes to the negation of Kipling's thesis about the west and the east, which, apparently, will never meet one another.

Until the Tashkent meeting, the legal basis for Ukrainian-Uzbek relations, according to the Ukrainian Foreign Ministry's data, accounted for 37 documents. Still, there are no particular problems in their cooperation: Ukraine's demand for Uzbek cotton is fulfilled in a greater extent than that of Russia (60-70 percent against 40 percent); contacts in the area of aircraft construction are developing fruitfully (the Ukrainian-Uzbek-Russian AN-70 is the result of these contacts); problems of the fuel and power engineering industry are being resolved jointly (for example, at Turkmenistan's proposal, Ukraine is delivering products to Uzbekistan in exchange for transit charges for Turkmen gas); joint projects to develop the Uzbek gold-extracting industry, with the help of Ukraine, as well as certain other industries such as mining, metallurgy, or high technology, are being prepared; and two joint ventures are being put into operation in Uzbekistan to produce water and gas meters.

At the same time, however, official sources confirm that the volume of trade between Ukraine and Uzbekistan amounted to $90 million last year — not much for countries whose relations resemble a "honeymoon." In the opinion of a high-ranking officials from the Ukrainian Foreign Ministry, one must pay attention to the fact that joint documents should be not only signed, but also implemented to a greater extent. And the further development of Ukrainian-Uzbek cooperation is hampered, for instance, by the fact that the two parliaments have not yet ratified agreements on free trade and avoiding double taxation on income and property signed during Islam Karimov's visit last year.

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Meanwhile, Leonid Kuchma and members of the official Ukrainian delegation — [Deputy Prime Minister] Serhiy Osyka, [Interior Minister] Volodymyr Radchenko, and [Foreign Minister] Hennadiy Udovenko — signed another 10 documents with their Uzbek comrades, including a declaration on expanding and enhancing Ukrainian-Uzbek cooperation, a treaty on developing economic integration, as well as agreements on cooperation in combating crime, on scientific and technical cooperation, on cooperation in the area of education and health care, on arranging issues connected with maintenance of the embassies, on cooperation in the area of tourism and sporst, and on cooperation between the foreign ministries in the area of information. Leonid Kuchma is firmly convinced that if the agreements are fully implemented (and there are all grounds to do that), our relations will be exemplary. We should not restrict ourselves to the banal relations "cotton and copper in exchange for sugar and metal," the Ukrainian president believes. Our cooperation should be expanded: We should establish financial-industrial groups and financial corporations, based on our national interests. After they develop their capacities, the state will not have to correct their operations. Islam Karimov agrees with our president, noting that the volume of trade between Ukraine and Uzbekistan is expected to increase to $260 million in 1995, that is, almost three-fold. The establishment of a joint bank to simplify payments will also contribute to this.

"The situation in our countries distinguishes itself by stability and predictability; we have common approaches to foreign and domestic policy, as well as to reforms" — it is hard to find a fault in the verbal bliss of the statements by the Ukrainian and Uzbek leaders. For many people accompanying Leonid Kuchma, it became clear that Ukraine and Uzbekistan are friends only during a visit to this Central Asian land. Potential critics, while fainting in heat reaching 40 degrees in the shade, were feverishly looking for something with which to reproach them. And they found a fault in the fact that an international agreement on delivering weapons, military equipment, military property, and spare parts, and providing military services in 1995 was erased from a list of documents to be signed. According to certain data, this agreement was postponed, and the future signing of this agreement will not be particularly trumpeted. By the way, Ukrainian Defense Minister Valeriy Shmarov proved his cooperation with Uzbek military officials by buying the "Great Tamerlane" novel in Samarkanda — to read about the local commander who wanted to make Samarkanda the capital of the world. Valeriy Shmarov even borrowed 45 soms (some 225,000 karbovantsi) from Mr. Kyreyev, member of the National Bank of Ukraine Board, to purchase the book.

Among Ukrainian-Uzbek agreements, however, there is, literally, a golden mean, the bliss of which is able to overshadow the insignificant military discord. Islam Karimov recently posed for television reporters and photographers with the first bars of Uzbek gold from the "Zarafshan-Nyuman" joint venture. As he frankly confessed during a conversation with journalists, it is a great pleasure to hold bars of this metal in one's hands, though one has to be a weight lifter to do that. According to the Uzbek leader, his country urgently needs cooperation with Ukraine in the gold extracting industry. Uzbekistan is eighth in the world in extraction of gold, but to receive these beautiful bars, much has to be done, Karimov says. Metal-intensive equipment produced in Ukraine can improve the development of the Uzbek gold extracting industry. Additionally, Ukraine has certain excellent technologies, for example reprocessing refuse, which can be used by the Uzbeks. To discuss these issues, Paton, president of the Ukrainian National Academy of Sciences, visited Uzbekistan's Navoi Oblast a week before Leonid Kuchma's visit. Praising Ukraine's efforts, Islam Karimov even promised that Ukraine will receive for free the Uzbek know-how in the area of gold extracting, which will be sold to the rest of the world.

The presidents reached an important agreement on yet another issue, which, under certain circumstances, could destabilize bilateral ties. This refers to the problem of Crimean Tatars. As everybody knows, the majority of them, deported 50 years ago, are returning to Ukraine, namely from Uzbekistan. Islam Karimov emphasizes that he is impressed by this people's diligence, and he regrets their return to the fatherland. Moreover, Uzbekistan has certain difficulties connected with resettling Tatars to Crimea. For example, Tatars cannot freely dispose of their housing. Nonetheless, the Uzbek leader found a solution to this problem, and promised Kuchma assistance in settling Crimean Tatars in their historic homeland. "Ukraine is correct in raising this issue," Karimov states, "and in terms of justice. There should be assistance." Leonid Danylovych highly assesses these intentions, emphasizing that since it was primarily Russia which deported the Tatars, this issue should be addressed at the level of the CIS.

Islam, Leonid, and Boris

As has already been said, "strategic partnership" between Russia and Ukraine, which has already been trumpeted "from taiga to the British seas," and strategic partnership between Ukraine and Uzbekistan are two different things. Karimov regrets that Uzbekistan and Ukraine do not have a common border. Ukraine, obvi-

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ously, would be more happy if its border with the Russian brothers was somewhat shorter. It is an axiom that Russia's ambitions in the area of swallowing "strategic partners" are inseparably connected with attempts to increase its role in the CIS. And it is worth noting that, during CIS summits, Ukraine and Uzbekistan stand arm-in-arm, and not only because their names begin with "U." The Uzbeks, along with the Turkmens and Moldovans, (sometimes also the Georgians) often act within the CIS as a group supporting the proud Ukraine. Of course, Tashkent's stance on this issue is not as unequivocal as Kiev's. For example, Tashkent signed the well-known Tashkent Treaty on a collective security system, which is dominated by the Russians. They did that not because they wanted to "cheat" someone, but because there was an urgent need to do so: Uzbekistan faces a permanent military threat from the south (the instability of Afghan and Tajik authorities became infamous a long time ago). Still, Uzbek leader Karimov carefully doses his interest in the Commonwealth, announcing his country's possible accession to the customs union among Russia, Belarus, and Kazakhstan as a certain concession, but at the same time reinforcing his own ego as regards a majority of other issues. The reason behind this is the separation from the potential "zhanob" (master in Uzbek), independence of Russian energy sources, and a significant improvement in the domestic situation.

Two days before the Ukrainian delegation's visit, Islam Karimov repeatedly addressed the future of CIS, each time more radically. As a final result, one can consider his statement that the positions of Uzbekistan and Ukraine concur with one another on issues of protecting their own borders and joint command over CIS troops, and thus run counter to the intentions of Russia, Belarus, and Kazakhstan. Karimov cites "wise and precise" Kuchma in this regard, saying that CIS countries should have absolutely equal rights — to sanction the name "Commonwealth of INDEPENDENT states." If countries are dependent, one will have to talk about the CDS — the "Commonwealth of Dependent States." [passage omitted]

Results of Moroz's Visit to Moldova Appraised

WS2906145595 Kiev HOLOS UKRAYINY in Ukrainian 27 Jun 95 pp 1-2

[Report by Svitlana Pysarenko: "They 'Walked' Along the Map; They Are Ready To 'Walk' Along the Border"]

[FBIS Translated Text] It seems that relations between Ukraine and Moldova — close and long-term neighbors — which are regulated by 43 agreements and protocols, do not clarify the existing problems of the 1,200-km border, the issues of border trade, dual taxation, mutual payments, cooperation in the cultural field, acknowledgment of diplomas of higher schools and other educational institutions, and the status of ownership on the territories of the neighboring states. Therefore, [Supreme Council Chairman] Oleksandr Moroz was right when he emphasized at every meeting [during his visit to Moldova], that it is necessary to find practical resolutions to these and other problems. People, who have the power to resolve specific issues of mutual relations between the two states, should sit at a negotiating table to work, however, not for the sake of protocol but to untie — step by step — those Gordian knots, which were made in the relations between the two states by oversight. First and foremost, this is the problem of demarcating and demilitarizing the common border, the terms of operation of joint customhouses, the status of ownership, such as, for instance, the status of 12 railway stations which belong to Moldova, despite the fact that they are located in [Ukraine's] Chernivtsi Oblast.

We have plenty of such problems in the regions which neighbor Odessa Oblast. It is enough to mention the construction of the oil terminal, which is being built by Moldova on the Danube. While explaining reasons for this construction project, which is unacceptable for Ukraine and which will complicate shipping traffic and in practice make it impossible, Moldovan Prime Minister Andrei Sangheli said that Moldova has spent $10 million to modify the oil terminal construction project, since Ukraine did not allow for a resolution of the issue of making a connection through Odessa Oblast. This is a vivid example of how the closest friends and neighbors cannot reach accord for the sake of the two sides, and undertake measures regardless of the interests of each other, as if there was no friendship. As if our history was pure calculation. I wish it were only calculation. Andrei Sangheli provided us with facts which indicated that even such a relationship does not exist. For instance, given the high taxes and overt extortions, Moldova was forced to lessen commodity turnover along the border with Ukraine. It was calculated for Moldova that the passage of a car across the Ukrainian border costs $300. For many years Moldova had been importing champagne bottles from Ukraine, however 65 percent of the bottles received were defective. This problem will be resolved by the construction of their own glass factory, which is already under way.... A large amount of Ukrainian coupons [supplementary money] have been amassed in Moldovan banks, however our enterprises do not accept them as legal tender for commodities, raw materials, and services.... At the same time, not a single branch of a Ukrainian bank exists in Moldova. Our coal, which is twice as expensive as foreign coal, is not in

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demand in Moldova. Therefore, we will not speak about calculation.

The negotiations and meetings between our delegation and Moldova's leaders ended with a common wish for the ratification by the Ukrainian Supreme Council of the Agreement on Good-Neighborly Relations and Cooperation, signed by the presidents of both states in Chisinau on 23 October 1992. The Moldovan parliament has no reservations to the agreement. Meanwhile, the Ukrainian Supreme Council links the ratification of the agreement to the resolution of the issue of legalizing Ukraine's state border with Moldova on the basis of treaties. Answering journalist' questions at a news conference, Moldovan Supreme Soviet Speaker Petru Lucinski said that he and [Ukrainian Supreme Council Chairman] Oleksandr Moroz "walked" along the map and they are ready to walk along the border. However, Oleksandr Moroz did not confirm that among the objective reasons which hinder the ratification of the agreement is a clause on Romania's territorial claims to Moldova.

Both the Ukrainian and Moldovan sides repeatedly emphasized that they observe the principles of the UN Charter, the final document of the Organization for Security and Cooperation in Europe [OSCE], the Paris Charter for New Europe, and that they advocate the territorial integrity of both states. This is unconditionally the principal condition in relations among contemporary states, particularly in relations between Ukraine and Moldova. The point is that speaking about those two countries, it would be dishonest not to mention the problem of Pridnistrovye [the territory along the Dniester], that is the problem of the de facto self-proclaimed Transdniestrian Moldovan Republic [PMR].

This problem emerged in the course of the meeting of the parliamentary delegations, when Petru Lucinski, referring to the OSCE's standpoint, expressed the wish that Ukraine would find an acceptable way to participate in the resolution of the Transdniestr problem. Indubitably, this issue was expanded and specified at a meeting between Oleksandr Moroz and Petru Lucinski with Grigoriy Marakutsa, speaker of the PMR parliament, held behind closed doors. This issue was also discussed on the next day of the visit, at a meeting between our delegation, led by Oleksandr Moroz, and Moldovan President Mircea Snegur. He described relations with Tiraspol [PMR declared capital] this way: "We cannot call them [relations] a breakthrough, nevertheless, we are resolving certain problems; the sides are taking a middle course. The parliament of the autonomous republic [PMR] passed the Law on Elections in 1994, and elections have been held. The Transdniestrian region has symbolic autonomy." In Mircea Snegur's opinion, the OSCE proposal for holding a four-side summit on the PMR issue with Russia and Ukraine as participants, should be accepted if we want to fully resolve the conflict, restore citizens' rights, and decide on the status of the PMR.

Oleksandr Moroz spoke in favor of organizing expert assistance on the part of Ukraine to resolve the situation in this region. Special attention was paid to the issue of the 14th Army's withdrawal from the territory of the PMR, safe shipment of armaments through Ukraine's territory, and utilization of property which is not subject to shipment. For these reasons it is suggested that the UN peacekeeping forces be engaged. As Petru Lucinski pointed out at the news conference, however, the PMR issue should be resolved by methods which have nothing to do with the military. Oleksandr Moroz emphasized once again that Ukraine can provide only expert assistance and rejected the statement which was allegedly made by Grigoriy Marakutsa a day earlier, on the need to deploy Ukrainian troops in the PMR. Peacekeeping troops should only comprise the UN "blue helmets."

In the joint communique and the Treaty on Interparliamentary Cooperation, the two sides confirmed their intention to cooperate and pointed at necessary measures for resolving the current problems.

National Affairs

Kuchma Calls For Easing Monetary Policy

LD2906205695 Moscow INTERFAX in English 1833 GMT 29 Jun 95

[From the "Presidential Bulletin" feature: Compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] President Leonid Kuchma speaking in Uzhgorod on Wednesday [28 June] called for an easing of the government's monetary policy and stimulating industrial production.

He also spoke of the need for substantial correctives [as received] in the country's program of economic reforms in favor of industrial incentives and social thrust of reforms which must form the core of the government's economic reform program. Kuchma said this would be a concrete plan of action providing for measures of financial stabilization and economic restructuring as part of the president's economic strategy.

The main task facing the cabinet, he said, is to try to halt production slump of the past two months and set conditions for gradual economic growth next year.

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Kuchma spoke of the need to draw up programs of government support for priority sectors including aerospace and nuclear industries, aircraft and shipbuilding, gold mining, the agro-industrial complex and the country's energy self-reliance. He said although there would be some belt-tightening, the government would support those projects on which the nation's future was hinged.

Kuchma says inflation could be curbed by a monthly 1-2 percent in the next two years while the government's main task was to try to keep under 4-5 percent this year and to prevent a new spiral of inflation.

He said the country's had largely run out of chances of borrowing to help carry out economic restructuring.

Under the 1996 budget, the government is allowed to borrow a mere 1-2 percent of GDP from the National Bank for narrowing the budget deficit which is set at 6 percent of GDP. To cope with this task, the government will have to learn how to work in the securities market, Kuchma said.

He spoke of the need to flesh out a program helping to do without foreign borrowings in 1997-1998.

The president attacked the NBU management for failing to grasp that nothing short of a merger of banking and industrial capital could help resolve the banking crisis.

And he called for greater state control of the three leading banks — Ukraina, Prominvestbank and Ukrsotsbank. "For the time being, the question is not one of nationalization though the measure often used by western countries is not ruled out", Kuchma said. And he added that the question is one of raising the government's stake in the three banks' capital.

He spoke of government plans to set up a budget bank as a way of stiffening state control of the budget. The question of founding a land bank is also under discussion.

Kuchma also put forward an initiative to set up a supreme economic council for coordination of economic reforms. He said the new body must include the president, prime minister, parliament speaker and his deputy and other officials.

He unveiled plans for renegotiating contracts with industrial managers saying new blood in the managerial corps could also help towards economic recovery.

On local councils, the president called for a halt to widespread speculations that these could be dissolved. "The councils have enough work to continue as bodies for local self-rule", Kuchma said.

President Kuchma is determined to seek early correctives in the country's program of economic reforms including an easing of monetary policy in favor of stimulating industrial production, presidential adviser for macroeconomic matters Anatoliy Galchinskiy told INTERFAX.

On Kuchma's speech in Uzhgorod, he said that government achievements in stabilization processes in the first quarter of this year were due to sheer monetary methods but these could not be applied for long.

He said the halting of production slump and stabilizing the industry was the topmost priority and a trial test for the government.

Galchinskiy said that among other things, economic reform correctives meant renegotiating the terms of the deal with the International Monetary Fund under which Kiev is committed to curb inflation by 1-2 percent by the end of 1995. "This target is impossible to achieve", he said.

The adviser said Kiev wanted to hold a series of talks with the IMF to try to renegotiate the terms of the previous deal binding Ukraine to curb inflation by a monthly 1-2 percent this year, but Kiev says it can keep inflation only under 4-5 percent. He said Moscow obtained IMF credits though Russia's inflation was twice as high.

Galchinsky said Kiev was determined to do without IMF credits in the next three or four years by shifting to specific economic programs instead. Such programs provide for the creation of financial-industrial groups, he said.

Agencies Fail To Curb Unlawful Capital Flight

LD3006121095 Kiev UNIAN in Ukrainian 0840 GMT 30 Jun 95

[FBIS Translated Text] Kiev — Ukrainian Prime Minister Yevhen Marchuk chaired a Cabinet of Ministers meeting yesterday to analyze the progress in implementing the presidential edict of 18 June 1994 "On urgent measures to return to Ukraine the currency reserves that are unlawfully outside Ukraine." It stated that the implementation by the ministries, departments, currency and export supervision bodies, and law enforcement agencies of the edict and instructions by the Ukrainian president on the orderly conduct of foreign economic activity and currency regulation is unsatisfactory.

Tax inspectorates detected over 2,500 enterprises and organizations which entirely or in part failed to declare their currency reserves outside Ukraine. More than 180 businesses have, without proper authorization, opened currency accounts abroad, made investment contributions to the authorized capital of joint ventures, or acquired shares abroad.

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Most of the offenders are within the sphere of control of the Ministry of Industry, Machine Building, Military Industrial Complex, and Conversion Ministry, Agriculture and Food Ministry, Coal Ministry, Transport Ministry, and Oil and Gas Industry Ministry.

The meeting outlined policies to insure implementation of the presidential edict and the government's instructions on currency regulation.

Results of 25 Jun Local Elections Noted

LD2906222895 Moscow INTERFAX in English 1941 GMT 29 Jun 95

[FBIS Transcribed Text] SIMFEROPOL, June 29 (INTERFAX) — Official results of the June 25 local elections have been published in Simferopol.

A total of 3,347 members of city, town, district and village councils have been elected. There are a total of 4,297 seats in 311 local councils of all levels. There were 6,209 candidates.

The elections have been invalidated in four constituencies, in 916 they were not held. The voting will be held again in 25 constituencies and new elections will be held in 925 constituencies.

The turnout was 53.9 percent, 810,700 voters out of a total of 1,504,100. It was the highest in rural areas, 58.4 percent, and the lowest in cities, 50.28 percent.

The Crimean Tatars did not vote because not all of them had been registered.

A majority of elected deputies and chairmen of local councils are independents. They are followed by Communists.

According to the Crimean Communist leader Leonid Grach, 42.5 percent of all elected deputies are Communists. He said that this result was excellent and that the Communists own a controlling interest in the local councils.

The new voting will take place on July 29.

Coordinator for Crimea Views Elections

WS3006122095 Kiev KIYEVSKIYE VEDOMOSTI in Russian 27 Jun 95 p 3

[Unattributed report on interview with Cabinet Minister Valeriy Pavlovych Pustovoytenko, coordinator for Crimean socioeconomic issues; place and date not given: "What Did Crimean Elections Demonstrate?" — first paragraph is KIYEVSKIYE VEDOMOSTI introduction]

[FBIS Translated Text] **Results of elections of chairmen of people's deputies councils and of soviet executive committees in cities and rayons held in the Autonomous Republic of Crimea on 25 June are important and logical in many aspects. Cabinet Minister Valeriy Pavlovych Pustovoytenko has commented on the results of these elections. As is known, the presidential edict authorized him to coordinate the resolving of Crimean socioeconomic issues. So, what have the recent elections on the peninsula shown?**

"First of all," Valeriy Pavlovych said, "the fact that local elections were held in the Autonomous Republic of Crimea is important in and by itself. No matter that work in the fields, the health resort season, and other urgent summer activities were at their height, 50.2 percent of voters participated in the elections. This shows that Crimean residents are concerned about their current life, that high civic consciousness and an aspiration to resolve their own destiny are typical of them. They voted for those who through their work showed their ability to genuinely, and not just in words, resolve urgent and complicated issues pertaining to the life of villages and cities. I imply that the majority of incumbent chairmen of local and rayon soviets executive committees — 13 out of 25 — were reelected. Four chairmen of executive committees emerged in the second round of elections; elections in eight cities were not held due to insufficient voter turnout. Therefore, the people confirmed their faith in chairmen of executive committees who were blamed for their faithfulness to Ukraine and for their support of the Crimean Government.

Second, a quite logical question arises: Were these elections really necessary? Can billions in expenditures on this campaign be justified? In my opinion, which is also shared by the majority of Crimean residents (particularly by managers of sanatoriums and health resort bodies who addressed the Ukrainian Supreme Council), these billions could have been spent on welfare to the least financially secure Crimean residents or on constructing water pumping stations, or on satisfying other urgent needs in the peninsula. Elections, however, were held, so let us discuss their positive results, which are as follows: Ukrainian residents are beginning to realize more and more that all complicated political, economic, social, and other problems facing the young independent state are not resolved in a flash. Time and intensive efforts from each and every person, as well as stability, accord, and common aspirations, are required for this.

Due to the fact that the Ukrainian president has authorized me to coordinate the resolving of Crimean socioeconomic issues, I would like to stress that the problems of Crimean residents are primarily the same as the residents of other Ukrainian regions. I know about this because I regularly meet in Crimea with local power lead-

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ers and directors of enterprises, workers and farmers, and representatives of deported people who are returning to their native land. I repeat that local problems are characteristic for all of Ukraine, which is living through the complicated period of transition to the social market economy, and the establishment of genuine democracy. The people, however, have to live today; they have to feed their families; and they have to have some sort of future. The majority of these so-called mundane problems fell on the chairmen of executive committee of local soviets and on the Crimean Government. People go to them with their everyday problems and grievences. Most of these problems are resolved with the Ukrainian Cabinet of Ministers' assistance.

By the way, the Ukrainian Government has fulfilled its pledges to finance the work of making public services and amenities available to the Crimean Tatars. Given their mass resettlement in Crimea, we realize that this is not enough, but this is what the state can currently do. We will work in collaboration with the Supreme Council to find an opportunity to increase relevant investments when we set the budget. I would like to emphasize that the Autonomous Republic of Crimea itself does not fulfill its pledges to transfer funds to the state budget, thus complicating the resolving of such a pressing issue. We will also look for other sources of financing the needs of resettlers. Much will depend on the economic situation in general, on the increase in production.

In conclusion, in connection with the recent developments on the peninsula, I appeal to all Crimean residents. Let us do everything to support the civil peace and tranquility. The example of our neighbors shows that that their way out of the abyss of conflicts is through much grief and thousands of deaths. I hope that both Ukrainian and Crimean residents will be wise, tolerant, eager to agree and mutually understand one another during this period.

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Kazakhstan

President Briefs Assembly on Draft Constitution

LD3006115895 Moscow INTERFAX in English 1027 GMT 30 Jun 95

[FBIS Transcribed Text] ALMATY, June 30 (INTERFAX) — Kazakhstan is on the eve of a comprehensive constitutional reform, President Nursultan Nazarbayev has said. He was speaking at the Assembly of Peoples of Kazakhstan in the capital Almaty Friday.

He said the draft of a new constitution had been finalized and its promulgation would be Kazakhstan's most important political event this year.

"Adopting the constitution in a referendum would be the sole correct way, because it gives all the people of Kazakhstan a say in the most important political decision," he said.

In his one-and-a-half hour report at the session Nazarbayev dwelt at length on the basic ideas of the new constitution.

He believes that in the transitional period, when a multiparty system and parliamentarianism are just finding their feet there must be strong presidential rule.

The new constitution would give the president additional rights: to dissolve parliament, to declare a referendum, to establish the sequence of adoption of legal acts and some other rights. Parliament will be able to delegate some other additional powers to the president for up to 12 months.

Nazarbayev suggested forming a two-chamber professional parliament. The upper house, the Senate, would consist of representatives from regions (two from each) and from the capital. Another seven senators would be appointed by the president. The lower house would consist of 55 members elected in single-mandate territorial constituencies.

The draft considerably expands the powers of the Prime Minister and Cabinet. The Prime Minister would form the Cabinet independently and interior and defense ministers would be approved by parliament.

The new Constitution would introduce private ownership of land, however, farmland will not be for sale.

Nazarbayev said that the new constitution would ease the language problem. Russian will be used in all government bodies alongside Kazakh as a parallel official language.

Nazarbayev instructed the government to draw up a plan for 1996-2000 that would raise the standard of living at least 100%, bring down the annual inflation rate to 10% by 1998 and bring about an industrial upturn as early as 1996.

Edict Sets Time for Discussion

LD2906154895 Moscow ITAR-TASS in English 1431 GMT 29 Jun 95

[FBIS Transcribed Text] ALMATY June 29 (ITAR-TASS) — President of Kazakhstan Nursultan Nazarbayev set by decree a period of time for a republic-wide discussion of Kazakhstan's new Constitution.

The discussion, which will begin on Friday at the session of the Assembly of peoples of Kazakhstan, will last to July 30 of this year.

President Nazarbayev is expected to address the Assembly session on Friday [30 June]. He will speak about further democratic reform of Kazakh society based on principles of the new Constitution.

The discussion in the Assembly whose members represent all regions and national-cultural centres of the country is expected to set the tone of subsequent republic-wide discussion of the new Constitution.

The draft text of the new Constitution will be published in the press in the next few days, the President decreed. All proposals and critical remarks about the draft constitution should be addressed to the President. A council of experts under the president will summarise all contributions.

Justice Minister Outlines Draft

LD2906194595 Moscow INTERFAX in English 1830 GMT 29 Jun 95

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] Almaty, 30 June (INTERFAX) — Addressing the Assembly of the Peoples of Kazakhstan, Justice Minister Naghashybay Shaykenov said Thursday that the draft conbstitution was prepared by President Nazarbayev and an expert and consultative council that brings together leading Kazakh, Russian and French lawyers. The chairman of France's Constitutional Council Rolland Dumas is one of those who worked on the draft, Shaykenov said.

IF [INTERFAX] NOTE: The Assembly of the Peoples of Kazakhstan is a consultative and advisory body under the Kazakh President who chairs it. It brings together 310 representatives of various ethnic and cultural communities.

According to Shaykenov, work has been completed on the draft constitution and copies of that document have

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been distributed among the Assembly members. On June 30 the Assembly will meet to discuss the draft.

In Shaykenov's view, the currently effective constitution of January, 1993, "left much room for improvement and no room for patchwork." What it fails to do, for example, is define the possible types of government and resolve the property question, Shaykenov said.

The draft calls for "moves to revamp the national legislature which is to have two houses. The upper house is to be known as Senate and the lower - Majlis." The Kazakh parliament is to function all year round and its members are to be reelected every four years.

Under the draft, the President, with consent from the parliament, appoints the Prime Minister who enjoys the right to form a Cabinet. The President enjoys the right to dissolve the parliament which can, in turn, impeach the President, if the latter commits an act of state treason, and vote no confidence in the government.

Shaykenov said that Kazakh is to remain the republic's state language though "Russian is to be used as an official language, along with Kazakh."

Although they are described as state property, the land and natural resources can be sold to private owners.

A sweeping legal reform "will take Kazakhstan closer to the world standards," Shaykenov said.

Under the draft, Kazakhstan is to be known as the Kazakh Republic, instead of the Republic of Kazakhstan.

The executive secretary of the Assembly of the Peoples of Kazakhstan Serik Seydumanov told Interfax that the Assembly may be expected to suggest a nationwide constitutional referendum.

The Assembly is opening its second session on June 30 in Almaty.

According to Seydumanov, President Nazarbayev will be likely to brief the Assembly on the main provisions of the draft constitution Friday.

The Assembly will be expected to suggest a mechanism for the adoption of Kazakhstan's new fundamental law. It will either suggest a nationwide discussion and a referendum, or call for the election, in conformity with the currently effective fundamental law, of a new parliament whose job it will be to endorse the draft, Seydumanov said.

The Assembly will be most likely to favor the idea of a nationwide referendum which, Seydumanov said, may be slated for early September.

The idea of a referendum is what the President is likely to favor, according to Seydumanov, and "the objectivity of the pros and contras he is likely to suggest, as well as the weight of his authority, will move the Assembly to share his view."

Assembly decisions enjoy no binding force although "the President listens to advice coming from that body," Seydumanov said.

Over 300 Delegates Attend German Congress

954F2657A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 27 Jun 95 p 1

[Oleg Kim report: "Germans of Kazakhstan—For Ethnic Revival"]

[FBIS Translated Text] More than 300 delegates from all of Kazakhstan assembled last Saturday in the great hall of the republic House of Scientists.

The greetings to the delegates from President N.A. Nazarbayev were read out by Tulegen Zhukeyev, chairman of the mixed Interstate Kazakhstan-German Cooperation Commission. On behalf of the German Federal Government and the entire German people the participants in the congress were addressed by Dr. Walter Prisniz, state secretary of the FRG Interior Ministry.

For two days the congress discussed problems of Kazakhstani Germans at the present stage and the tasks of the Council of Germans of Kazakhstan and considered a concept of the self-organization and self-government of Germans living in the republic. It was observed that a considerable amount of work had been done in the little more than two years since the first congress, which elected the Council of Germans of Kazakhstan at that time. Activists had prepared and the Government of Kazakhstan adopted an official program of the ethnic revival of the Germans. A concept of a council for specific areas: economics, education, rehabilitation, and so forth, was devised. The Federal Government of Germany also has adopted a program of support for Germans abroad.

Today the Council of Germans is receiving real assistance from the heads of the Kostanay, Pavlodar, and Akmola Oblast administrations, there are proposals concerning cooperation from republic parties and movements, and Germany is helping considerably.

P. Atrushkevich, cochairman of the Assembly of the Peoples of Kazakhstan, and S. Tursunov, ambassador of Kazakhstan in Germany, took part in the congress.

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Tajikistan

Ministry Denounces Opposition for 28 Jun Clashes

LD2906160595 Moscow ITAR-TASS World Service in Russian 1239 GMT 29 Jun 95

[By Galina Gridneva]

[FBIS Translated Text] Dushanbe, 29 Jun (ITAR-TASS) — Tajikistan regards an armed clash with the opposition on 28 June as a gross violation of an agreement, which was extended in Almaty on 26 August, on a temporary cessation of fire and other hostile acts on the Tajik-Afghan border and in the country. The ministry regards this act as a clear intention by certain Tajik opposition circles to bring the inter-Tajik talks to the deadlock. This was said in a statement, circulated by the Tajik Foreign Ministry today.

The Foreign Ministry also made a resolute protest to the Afghan leadership over the illegal activities of Tajik opposition rebels from the territory of Afghanistan, which is still being used by the militants, in organizing military provokations against sovereign Tajikistan and Russian border guards.

Since it attributes great importance to achieving national reconciliation, securing peace and accord in Tajikistan and being certain that the inter-Tajik conflict will find its settlement by political means, the Tajik leadership urges the leaders of the Tajik opposition to stop provokations on the state border, ensure the obligatory implementation of the ceasefire agreement and create the conditions for the contunuation of the negotiating process, the document stresses.

New Border Incident Seen as Truce Violation

LD2906165195 Moscow ITAR-TASS in English 1502 GMT 29 Jun 95

[By Galina Gridneva]

[FBIS Transcribed Text] DUSHANBE, June 29 (ITAR-TASS) — Tajikistan regards yesterday's armed provocation by opposition as a gross violation of the agreement on temporary cessation of hostilities at Tajikistan's border with Afghanistan and inside the country, which was prolonged until August 26, this year, the Tajik Foreign Ministry said in a statement on Thursday. Tajikistan views this act as an obvious attempt by certain members of the Tajik opposition to bring the talks with the government to a deadlock, the document emphasised.

The Foreign Ministry also sent a resolute protest to Afghanistan's authorities, demanding that unlawful raids by Tajik opposition fighters from Afghan territory be halted. Afghanistan is still used by Tajikistan's anti-government forces as a base for armed provocation against sovereign Tajikistan and Russian border guards.

Attaching great importance to achieving national reconciliation, peace and accord in Tajikistan and seeking to find a peaceful solution to the Tajik conflict, the Tajik leadership urges opposition leaders to stop border provocations, to strictly obey the cease-fire, thus creating favourable conditions for going ahead with political talks, the Ministry said.

Rakhmanov Insists on Expanding Economic Reform

LD2906212395 Moscow INTERFAX in English 1833 GMT 29 Jun 95

[From the "Presidential Bulletin" feature: Compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] Dushanbe, 29 Jun (INTERFAX) — A mechanism to effect privatization must be established as soon as possible, President Emomali Rakhmanov has said. He was speaking at a session of the interdepartmental council for economic reforms in Dushanbe on Tuesday [27 June].

The session, attended by Cabinet members, economists, businessmen and industrial managers, discussed a draft economic reform program for 1995-2000.

President Rakhmanov advised the government to promote private farming.

He said that speeding up and expanding the economic reform was a priority and he pointed to the need for promptly perfecting taxation.

The session decided to formulate proposals for supporting small businesses and effectively using government levers to control the home market.

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Armenia

Prime Minister Leaves for Black Sea Summit

NC2906191695 Yerevan Armenia's Radio First Program Network in Armenian 1700 GMT 29 Jun 95

[FBIS Translated Text] An Armenian Government delegation headed by Prime Minister Hrand Bagratyan left for Bucharest this afternoon to take part in the Black Sea Economic Cooperation summit.

Azerbaijan Offers Concessions To Resolve Conflict

NC2906134495 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0825 GMT 29 Jun 95

[FBIS Transcribed Text] Yerevan ("LRAGIR" daily), 06/29/95 — According to a report of Baku correspondent of Radio Liberty Elmira Akhundova on June 27, Azeri Deputy Foreign Minister T. Zulfugarov declared after negotiations in Helsinki that an agreement was reached to discuss Mountainous Karabakh's status after liberation of occupied territories and signing the Grand Political Agreement during the OSCE Minsk group session.

The Azeri official presented their version of mutual concessions for resolution of the conflict. According to Azerbaijan, Armenian armed forces should completely leave Lachin, where the Azeri power will be restored completely, and refugees will be allowed to return to their homes. Armenia will be able to send humanitarian cargoes to Karabakh, under the control of peace-keeping forces. Meanwhile, Armenian and Azeri administrations should be created in Karabakh, first of them to operate in Stepanakert, the second—in Shusha.

According to Mr. Zulfugarov, co-chairmen of the Minsk group and several other countries, particularly Germany, agreed with the Azeri project.

Azerbaijan Reportedly Violates Cease-Fire

NC2906195395 Yerevan Radio Yerevan in Azeri 1500 GMT 29 Jun 95

[FBIS Translated Excerpt] A tense situation has again been created on the northeastern part of Armenia's border after a lull of 24 hours. Azerbaijan's military subunits have frequently switched targets and fired on several areas in Armenia. It seems that the provocative activities will not end.

Several circles in the neighboring republic claim that they want to find a peaceful solution to the problems and they have taken part in international meetings for that purpose. However, they have been reluctant to stop trying to draw Armenia into a wide-scale war. In fact, that is why they continue their provocative activities.

A report by the Armenian Ministry of Defense Information Service confirms our view. It says that the peaceful situation on the northeast border was disrupted last night. Azerbaijani subunits fired on the defense positions around Verin-Champarak and Nerkin-Champarak in Krasnoselsk District with heavy machine guns and other infantry weapons for 15 minutes last night, starting at 2240. Not satisfied with that, the enemy also fired on one of the border outposts in Vahan. No one was wounded in the two incidents. The Armenian military units took retaliatory measures to silence the enemy.

The situation on the other parts of the common border was relatively peaceful.

The Nagorno-Karabakh Republic Public Information Office reports that no incidents occurred on the Artsakh [Nagorno-Karabakh] front last night or this morning. The sides continue to observe the cease-fire agreement. [passage omitted]

Azerbaijan

President Comments Before Visit to Bulgaria

NC2906190795 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1250 GMT 29 Jun 95

[FBIS Translated Text] The day's most important political news is that Azerbaijani President Heydar Aliyev left for an official office to Bulgaria today at the invitation of that country's president Zhelyu Zhelev.

[Begin recording] [Unidentified correspondent] The Azerbaijani president will hold talks with Bulgarian officials during the visit. Important documents on the consolidation of political, economic, and cultural cooperation will be signed.

Before starting his trip, Azerbaijani President Heydar Aliyev granted an interview to our program.

[Second unidentified correspondent] Good morning, esteemed President. There were some ties between Bulgaria, Romania, and Azerbaijan even under the USSR. A new stage in relations is commencing now. What are your views on this and on the summit in Bucharest?

[Aliyev] Bulgaria and Romania are East European and Balkan countries, and they have a special place in the new international developments. Major social, political, and economic processes are going on in these countries. They were members of the now defunct Warsaw Pact. They too are in a period of transition from socialism and a socialist economy to the new economic system. Thus, the changes taking place in these countries and their experiences are important to us.

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I was invited for an official visit to these countries by the Bulgarian President Zhelyu Zhelev and Romanian President Ion Iliescu a long time ago. Now, I have found an opportunity to accept their invitation, so I am leaving for an official visit to Bulgaria and Romania. At the same time, there will be a summit meeting of the Economic Cooperation Organization of the Black Sea countries in Bucharest. That is, there will be a meeting of the heads of state. This is the second such summit. This too is an important meeting. This is the second summit; the first was held in Istanbul two years ago. I believe that our economic cooperation with the Black Sea countries will create great opportunities for us to solve our economic problems.

My visit is connected with all these matters. I hope that the necessary steps will be taken during this visit to develop our economic, cultural, scientific, and technical relations with Bulgaria and Romania. These countries have a special place in the world community, and their views in the international organizations are important for the solution of our problems. Therefore, the development and consolidation of ties with these countries would help consolidate Azerbaijan's international position. In the past, extensive economic ties existed between Bulgaria, Romania, and Azerbaijan. Now it will be useful for us to restore and develop these ties.

I believe that this visit will be very important in general. There will be heads of state from many Black Sea countries at the summit. In addition to the general meetings, there will also be bilateral talks. A number of such meetings are already planned. These meetings will be used to develop Azerbaijan's ties with those countries. I want to reiterate that this visit is important and am very pleased to be going on this visit.

[Second unidentified correspondent] Esteemed Mr. President, during the Budapest conference, the Romanian president told you that cooperation is possible between Romania and Azerbaijan as leading oil producers. What about that?

[Aliyev] Oil has long been produced in both Romania and Azerbaijan, and in the 1950's the Azerbaijani oilmen helped Romania develop its oil industry. These ties should also be restored and broadened.

[First unidentified correspondent] Azerbaijani President Heydar Aliyev was seen off at Bina airport by Chairman of Supreme Soviet Rasul Guliyev, Prime Minister Fuad Guliyev, head of the presidential apparatus Ramiz Mehtiyev, deputy chairmen of the Supreme Soviet, deputy prime ministers, ministers, heads of committees and enterprises, and other officials. [end recording]

Cooperation Treaty Signed in Sofia

LD2906140995 Moscow ITAR-TASS in English 1331 GMT 29 Jun 95

[By Vladimir Abrosimov]

[FBIS Transcribed Text] SOFIA, June 29 (ITAR-TASS) — President Zhelyu Zhelev of Bulgaria and Azerbaijani leader Geydar Aliyev, who is currently in Sofia on an official visit, signed a treaty of friendly relations and cooperation today. According to them, the treaty lays down a legal basis for future interaction between the two countries. The document was supplemented, in particular, by agreements on the development of cooperation in the sphere of trade, economy, motor and air transport. Talking to journalists, Aliyev said that he has invited Zhelev to pay a visit to Azerbaijan.

Aliyev and Chairman of the People's Assembly Blagovest Sendov held talks and then Aliyev addressed deputies of the Bulgarian parliament. He is also expected to meet Prime Minister Zhan Videnov. The heads of state of the two countries will sum up the outcome of the dialogue held in Sofia at a joint press conference.

Musavat Party Official on Political Events

954F2655A Baku ZERKALO in Russian No. 23, 24 Jun 95 p 2

[Comments of Niyazi Ibragimli, general secretary of the Musavat Party: "This Week Will Be Remembered Primarily for Political Judicial Proceedings"]

[FBIS Translated Text] The most important events of this week will occur in its final days; and, therefore, it is very difficult to make a preliminary comprehensive and objective analysis. I refer primarily to the meeting scheduled for 23 June and the congress of one of the strongest opposition forces—the Azerbaijan Popular Front—which will begin on Saturday.

An opinion may be expressed on the script of the meeting, considering the experience of the analogous meeting last November and its general propositions expressed by the head of state at the first session of the Constitutional Commission. There will at the meeting, which is called "general" but which will take place with the participation of representatives of the "party and economic activists," be attacks on the democratic opposition and groundless charges leveled at it. In addition, accusations against some representatives of the present authorities also cannot be ruled out.

Certain events of the start of the week—the now-traditional racket surrounding Keleki and the well-known personnel changes in the top echelons of

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power—enable us to talk about this. The subsiding of the passions in society as of late is not a part of the authorities' plans, evidently.

This week also stands out for the wealth of political judicial proceedings. The judicial proceedings against Musavat supporter Faramaz Allekhverdiyev, prominent representative of the People's Movement of Azerbaijan and member of the National Assembly of Nakhichevan, were to have begun on 21 June. But, owing to the absence of a spare meeting room in the Supreme Court building, the proceedings were postponed until 22 June. Nor were the proceedings held on 22 June owing to the failure of a people's assessor to show up. I would recall that F. Allakhverdiyev is also being charged with having insulted the Lenin monument in Sharurskiy Rayon three or four years ago.

The trial of the publishers of the CHESHME newspaper is, probably, the most urgent problem of society, journalism primarily. The judicial proceedings, which began on 22 June, lasted half an hour and were adjourned indefinitely. We have generally in recent years frequently encountered not only a multitude of political judicial proceedings but also the wrenching red tape of the investigating authorities in the course of such proceedings. Aside from the traditional bureaucratism inherited from the Soviet period, there is another reason for this also.

There is no doubt that all the weeks remaining until the parliamentary elections will be rich in talk on this theme. This week the political forces have advanced no new ideas in connection with the elections. Nor has any particular activity been sensed. Mention may be made only of a meeting with the leaders of five of Azerbaijan's political parties broadcast directly by a U.S. television channel and on an ANS-TV transcript, which was organized by the Institute of Democracy of America. Despite certain flaws, this dialogue may be seen as the first step of the election campaign. Unfortunately, this meeting, which was relayed to the world, was not shown by Azerbaijan Television, which confirms the doubts as to the sincerity of the promises that air time would be made available to all political parties for the period of the election campaign. Mention may be made also in connection with the elections of the major article of the speaker of parliament in the newspaper AZERBAYDZHAN, where he repeated yet again his well-known position as regards a bicameral parliament and tried to defend it. In my opinion, the position of the Musavat Party and, it may be said, all political parties on this matter is well known. Unless I am mistaken, aside from two or three parties, all the rest have advocated the idea of a unicameral parliament. If public opinion means anything to the present authorities, we will create a unicameral parliament and will not indulge the activity of the separatist forces in the country by the creation of a bicameral parliament.

Dissident Faction Criticizes Labor Party Chief

954F2656A Baku ZERKALO in Russian
No. 23, 24 Jun 95 p 3

[Report by N. Aliyev: "Split in the Azerbaijan Labor Party. Leaders of the New Faction Accuse the Party Chairman of Splittism, Provocations, and Arbitrary Action"]

[FBIS Translated Text] A split occurred this May in the Azerbaijan Labor Party. A group of party figures constituting, as they maintained, the "intellectual nucleus of the leadership" expressed no confidence in Party Chairman Sabutay Gadzhiyev. In the opinion of the malcontents, the PTA [Azerbaijan Labor Party] Central Executive Committee had been paralyzed by the crisis, and they saw as the way out the resignation of the chairman, who had, as they believed, conclusively compromised himself in the eyes of party members.

No compromise solutions were found. As a result, a new faction, headed by Deputy Chairman A. Sadykhov, took shape organizationally and ideologically in the PTA. But subsequently, on the basis of party interests, the sides agreed to avoid public statements on this matter.

Nonetheless, a few days ago the abscess burst, by all accounts. The new PTA faction came out with a sharply worded statement, giving as the reason for this the fact that S. Gadzhiyev "has yet again failed to keep his word." In his interview with the newspaper 525 (21 June) he leveled accusations at members of the new faction. In this connection the latter considered itself "released from the commitment it had assumed earlier."

Having transmitted their statement signed by R. Agayev, A. Gadzhiyev, P. Darabadi, B. Kuliyev, A. Sadykhov, and other members of the PTA Central Executive Committee to ZERKALO, the factionaries declared that they were publishing it "with the sole purpose of conveying to the party rank and file and its supporters the true causes and essence of the intrigue sparked by S. Gadzhiyev."

The document says that "as demanded by a majority of members of the PTA Central Executive Committee, it was proposed that Party Chairman S. Gadzhiyev render account of the work that had been done in the year and provide explanations for the unhealthy situation that had come about in the leadership.

"The chairman impeded the session of the Central Executive Committee in every possible way and at the Executive Committee sessions in April and May

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avoided a candid principled discussion." The blame for the actual disintegration of the steering body—the Central Executive Committee—was placed on Party Chairman S. Gadzhiyev, whose activity is viewed as sectarian, splittist, and, in many respects, provocative.

In the opinion of the authors of the statement, the chairman, in flagrant breach of the party rules proclaiming collegiality the highest principle of party leadership, has not once assembled the coordinating council designed to direct the party between sessions of the Central Executive Committee. Sessions of the Executive Committee were conducted only occasionally, without the necessary quorum, more often than not. "He deliberately thwarted publication of a party newspaper, declined to lease party premises, and failed to render account of the funds collected for these purposes. The collection of membership dues has not been organized in the party, and the chairman selects leaders of the district component at his own arbitrary whim. It reached the point of his demanding to be endowed with special powers, and when the Central Executive Committee denied him this extravagant idea, he cobbled together a grouping, making no secret of the fact that he was preparing to usurp the leadership of the party."

S. Gadzhiyev is accused of having substituted for political work intrigues and the spreading of rumors and gossip blackening the party's directive nucleus. "Unfortunately," the members of the new faction maintain, "this is not the sole disgraceful action of S. Gadzhiyev. He represented himself everywhere as a professor, doctor of sciences, and member of a UNESCO committee. All this, however shameful, was a primitive lie. The chairman has repeatedly, alas, been caught out in deception, fact-juggling, fabrication, and plagiarism. He also appears highly suspicious in the business of the arrest of Central Executive Committee member V. Balayev."

The dissemination by S. Gadzhiyev on behalf of the party of a number of documents (unbeknownst to the Central Executive Committee) conflicting with the PTA's program directives has done enormous damage to the ideological and political formation of the party. He is deliberately opposing the elaboration and realization of a left- bloc policy and splitting the forces of the left, the authors of the statement say.

"We are bitterly forced to acknowledge that a person without the corresponding experience and without political culture, whose personal behavior cannot fail to evoke the most serious suspicions, elbowed his way into the party leadership. A group of intellectuals constituting the directive nucleus of the PTA is forming a faction of a left persuasion. It has dissociated itself from the secretariat cobbled together by the pseudo-professor S. Gadzhiyev, having no desire to have anything in common with it. The faction members state that henceforward they bear no responsibility for any actions of S. Gadzhiyev," the statement says.

Georgia

Parliamentary Dispute Over Constitution Detailed

AU3006095095 Tbilisi ARGUMENTI in Georgian 21-28 Jun 95 p 2

[Report by Sandro Simonia: "Constitution and Elections, Apple of Discord in Parliamentary Circles"]

[FBIS Translated Text] On 16 June, the Georgian Parliament Majority Council made a statement and proposed to Parliament the draft constitution that has been drawn up. Then, today, the majority's leaders (Deputy Speaker Vakhtang Rcheulishvili, deputies Rostom Dolidze, who has become a member of the new Socialist Party established by the deputy speaker, and Nana Devdariani, who, according to unconfirmed information, will soon join this party, and also Gia Zhorzholiani, Giga Lortkipanidze, Nugzar Nadaraia, and Ramaz Saqvarelidze, chief of the head of state's press service) held a news conference.

The statement made by the parliamentary majority states in particular: Of the 13 proposed drafts, the Constitutional Commission has selected one as its basis, has set about examining it, and has already adopted more than one-third of the articles; The situation in Parliament has again become tense. The Constitutional Commission has not been allowed to reexamine the points, which it demanded in order to speed up work. This indicates the desire of a part of the opposition not to permit the adoption of the constitution. A section of Parliament has refused to speed up discussion of the constitution and demanded that parliamentary elections be held right away even in accordance with the old electoral law. This will enable those deputies who got into Parliament fortuitously, according to the so-called compensation list, and who are now part of the opposition, to demand a platform once more. The parliamentary majority will not support this and proposes that Parliament adopts the constitution on time, determines the country's administrative system, and sets a date for elections so that we know what and whom we are electing.

The dates are entirely realistic: The Constitutional Commission will submit the draft constitution to Parliament by 26 June, 43 of whose articles have already been adopted; Parliament will work on and discuss the constitution daily until 25 July and will either adopt it or put it to a referendum. The referendum will be held

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on 15 September and both presidential and parliamentary elections will take place before the end of October. Therefore, we can vote right away on holding presidential and parliamentary elections before the end of October. If a presidential republic is rejected in the referendum, then only parliamentary elections will be held; we should elaborate the electoral law by 1 August. In the event of the constitution not being adopted, we agree to it being adopted in a shortened form by Parliament or according to a referendum so that the elections can be held on time.

The [opposition] United Republican Party responded swiftly to the Majority Council's statement. Specifically, it is pointed out in the statement made by Vakhtang Khmaladze, chairman of the "Republicans" faction, on 16 June:

We see that there is the danger of an undesirable development of events, which has been caused by a wholly unjustifiable delay in the constitutional process and the proximity of the future parliamentary elections and also by the desire of one section of the members of Parliament to extend their rights illegally by postponing the elections. As early as in March, we raised the question of adopting a "small constitution" in law or that packet of laws that would have ensured the timely holding of elections on the basis of such laws that would have been better than the current eclectic laws; however, the parliamentary majority did not want to do this, just as it did not wish to hold local self-administrative elections and, therefore, rejected the law on local self-administration.

We believe it is essential to hold parliamentary elections within the time period established by law. It is precisely for this reason that we agree they be held even in accordance with those worthless election rules under which this Parliament was elected, although there is still time to adopt a new electoral law or introduce changes to the current law, and we call upon Parliament to do this. At the same time, particular in the sphere of banking activities and the taxation system, need to be adopted. In spite of this, on 15 June, the parliamentary majority rejected the adoption of a decision on the continuation of parliamentary sessions next week.

The parliamentary opposition did not support the proposal of the Constitutional Commission that the quorum for the adoption of a decision by the commission be reduced as decisions on such an important issue for the country as the constitution cannot be adopted by 30 votes when the commission's members number 118. Furthermore, the commission's proposal that Parliament should entrust the commission with submitting the draft constitution to Parliament within 12 days is simply not serious as it is impossible to examine thoroughly the draft constitution in such a short period of time and adopt a coordinated decision; entrusting it with such a task would signify irresponsibility on the part of Parliament.

We should also say that no one is preventing the Constitutional Commission from adopting a decision even within one day and from submitting the draft to Parliament. This depends upon the commission's members' feeling of responsibility before the country.

The Parliament Majority Council is misleading Parliament and society when it states that the Constitutional Commission has adopted the draft constitution submitted by the head of state as its basis. The commission has decided to take this draft as its basis only in the sense that it should be followed during the discussion. Each article from this draft and from the other drafts and any view formulated in the commission should be discussed and only those points that are approved by the commission should be submitted to Parliament. It is formally correct that the commission has already discussed more than one-third of the draft, but only those questions that did not give rise to a fundamental disagreement were discussed and, therefore, the number of articles discussed has not importance whatsoever.

That part of the statement made by the Parliament Majority Council in which it is said that, in the event of the draft constitution not being approved by Parliament, they will put it to a referendum, is a declaration that it intends to commit an illegal act as the constitution can only be put to a referendum once it has been approved by at least two-thirds of the members of Parliament.

Christian-Democratic Union Leaders Resign

AU3006082895 Tbilisi ARGUMENTI in Georgian 21-28 Jun 95 p 2

[Report by Levan Ramishvili: "Parties — Unripe Democracy"]

[FBIS Translated Excerpt] An extraordinary event occurred at the Christian-Democratic Union's [CDU] fifth congress held in Tbilisi on 15-16 June: The party's political leadership — Chairman Irakli Shengelaia, General Secretary Kakha Lomaia, and Honorary Board Member Janri Kashia — announced their resignations and that they were leaving the Union along with a group of like-minded people. On the proposal of the Union's new chairman, Badri Machavariani, the congress thanked them for what they had done in the past.

The former chairman, who, according to him, has more than enough experience in creating parties, admitted that he no longer saw himself within the framework of a

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party. It is not that the CDU, as a political organization, has exhausted its potential or that he himself had exhausted his potential as party chairman. The problem has a far more global dimension. According to Irakli Shengelaia, president of the Center for Federal Development, it is not so much one party — the CDU — that has exhausted itself as the party in general as an organized form of political action.

Shengelaia believes that, on the eve of the 21st century, such products of mass society as the party and trade union have become anachronisms.

Our society, which at one time was monolithic, has today split into countless parts. All social groups have their own interests, aims, and values. So, the former chairman of the CDU believes that, in conditions of the growing differentiation of the social system, multifarious interests cannot be expressed through a single organization. [passage omitted]

Police Arrest 'Gang' With Explosives

LD3006055695 Moscow ITAR-TASS in English 0503 GMT 30 Jun 95

[By Tenghiz Pachkoria]

[FBIS Transcribed Text] TBILISI June 30 (ITAR-TASS) — The Georgian police arrested a gang of terrorists late Thursday [29 June] who planned to explode a bridge in the capital of Tbilisi.

The gang was seized with explosives and firearms and turned out to include supporters of late Georgian President Zviad Gamsakhurdia, the Geogrian television said Friday adding that one of the terrorists was former prefect of the city of Samtredia Zviad Dziguri.

Samtredia is situated in western Georgia which was the major stronghold of ousted Gamsakhudia.

Police said the terrorist gang had committeed several grave crimes in recent years.

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